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LEGISLATIVE HISTORY

Public Law 87-69
H. R. 7677

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INDEX AND SUMMARY OF H. R. 7677

June 15, 1961	Rep. Mills introduced H. R. 7677 which was referred to the House Ways and Means Committee. Print of bill as introduced.
	House committee voted to report (but did not actually report) H. R. 7677.
June 19, 1961	House committee reported H. R. 7677 without amendment. H. Report No. 549. Print of bill and report.
June 21, 1961	Rules Committee reported resolution for the consideration of H. R. 7677. H. Res. 351, H. Rept. 555. Print of resolution and report.
June 26, 1961	House passed H. R. 7677 without amendment.
June 27, 1961	H. R. 7677 was referred to the Senate Finance Committee.
	Senate committee reported H. R. 7677 without amendment. S. Report No. 472. Print of bill and report.
June 28, 1961	Senate passed H. R. 7677 without amendment.
June 30, 1961	Approved: Public Law 87-69.

DIGEST OF PUBLIC LAW 87-69

TEMPORARY INCREASE IN PUBLIC DEBT. Increases the public-debt limit by $13,000,000,000 for the period from July 1, 1961 to June 30, 1962.

The Committee voted to report (but did not actually report) with amendments H. R. 2555, to provide for allotment and advancement of pay with respect to civilian employees of the U. S. in cases of emergency evacuations in oversea areas. p. D464

12. WILDLIFE. The Merchant Marine and Fisheries Committee reported without amendment H. R. 7391, to promote the conservation of migratory waterfowl by the acquisition of wetlands and other essential waterfowl habitat (H.Rept 545).
The Ways and Means Committee voted to report (but did not actually report) H. R. 7678, "relating to the importation of wild animals and wild birds." p. D465

13. PUBLIC DEBT. The Ways and Means Committee voted to report (but did not actuall report) H. R. 7677, "to increase for a 1-year period the public debt limit." p. D465

14. FARM PROGRAM. The Subcommittee on Equipment, Supplies, and Manpower of the Agriculture Committee "met in executive session to review a report on farm cost-price squeeze, and ordered it printed with minor changes." p. D463

15. EDUCATION. The Select Subcommittee on Education of the Education and Labor Committee voted to report to the full committee H. R. 4386, to promote the welfare of the people by authorizing the appropriation of funds to assist the States and Territories in the further development of their programs of general university extension education. p.D463

16. LEGISLATIVE PROGRAM. Rep. McCormack announced that the conference report on S. 610, on international tourism, the fourth supplemental appropriation bill for 1961, and the Consent Calendar will be considered on Mon., the Private Calendar will be called on Tues., and on Wed. the housing bill will be considered. pp. 9728-9

17. ADJOURNED until Mon., June 19. p. 9749

ITEMS IN APPENDIX

18. HOUSING. Rep. Alger inserted a newspaper editorial, "House Without Foundation," criticizing the administration's housing bill. pp. A4438-9

19. FOREIGN AID. Extension of remarks of Rep. Alger stating that "the best weapon we have against communism is a sound and growing economy in the United States and that goal cannot be maintained so long as we continue to spend, without regard to any sense of responsibility, billions of dollars on foreign aid." p. A4443

20. WATER RESOURCES. Extension of remarks of Sen. Kuchel stating that Calif. has had the worst drought in 30 years and inserting an editorial, "The Drought of 1961." p. A4444

21. ECONOMIC CONDITIONS. Extension of remarks of Rep. Byrnes inserting a speech by Robert C. Tyson "warning us that economic incentive, upon which our growth and progress in a free economy depends, is being stifled by governmental action." pp. A4477-9

BILLS INTRODUCED

22. ANIMAL DISEASES. H. R. 7694, by Rep. Matthews, and H. R. 7702, by Rep. Blitch, to provide for a national hog cholera eradication program; to Agriculture Committee.

23. PUBLIC DEBT. H. R. 7677, by Rep. Mills, to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act; to Ways and Means Committee.

24. WATER. H. R. 7690, by Rep. Teague, Tex., to amend the Water Supply Act of 1958 to remove certain restrictions in that act; to Public Works Committee.

25. RURAL DEVELOPMENT. S. 2081, by Sen. Dirksen, to provide for the establishment of a regional research center for rural redevelopment; to Agriculture and Forestry Committee. Remarks of author. pp. 9754-6

26. EMPLOYMENT. S. 2084, by Sen. McCarthy, to provide for the establishment of a permanent program of additional unemployment compensation, to provide for equalization grants, to extend coverage of the unemployment compensation program, etc.; to Finance Committee. Remarks of author. pp. 9756-65

27. RECREATION. S. 2086, by Sen. Jackson, to authorize the Secretary of the Interior to determine that certain costs of operating and maintaining Banks Lake on the Columbia Basin Project for recreation purposes are nonreimbursable; to Interior and Insular Affairs Committee.

28. FOREIGN TRADE. S. 2092, by Sen. Johnston (by request), to amend title 13 of the United States Code to provide for the collection and publication of foreign commerce and trade statistics; to Post Office and Civil Service Committee.

29. RESEARCH STATION. S. 2093, by Sen. Mundt, to authorize the Secretary of Agriculture to macadamize a portion of road leading to the U. S. Department of Agriculture field station outside the town of Newell, S. Dak.; to Public Works Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

June 16: Recognition of State water rights of western States, S. Interior.
Supplemental appropriations, H. Appropriations (exec).
Proposed Youth Opportunities Act (including Youth Conservation Corps), H. Education and Labor.
Foreign aid bill, S. Foreign Relations (exec) and H. Foreign Affairs (exec).

June 19: Proposed Youth Opportunities Act (including Youth Conservation Corps), H. Education and Labor (Secretary Freeman to testify).

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87TH CONGRESS
1ST SESSION

H. R. 7677

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1961

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on July 1, 1961, and
4 ending on June 30, 1962, the public debt limit set forth in
5 the first sentence of section 21 of the Second Liberty Bond
6 Act, as amended (31 U.S.C. 757b), shall be temporarily
7 increased by $13,000,000,000.

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87TH CONGRESS
1ST SESSION

H. R. 7677

A BILL

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

By Mr. MILLS

JUNE 15, 1961

Referred to the Committee on Ways and Means

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE

(For Department Staff Only)

Issued June 20, 1961
For actions of June 19, 1961
87th-1st, No. 102

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HIGHLIGHTS: House subcommittee voted to report wheat provisions of farm bill. House passed fourth supplemental appropriation bill.

HOUSE

1. WHEAT. The Subcommittee on Wheat of the Agriculture Committee voted to report to the full committee a subcommittee print, as amended, to be known as the wheat program for 1962, to be included in H. R. 6400, the omnibus farm bill. p. D475

2. APPROPRIATIONS. By a vote of 291 to 63, passed without amendment H. R. 7712, the fourth supplemental appropriation bill, 1961 which had been reported by the Appropriations Committee on Fri., June 16 (during adjournment of the House) (H. Rept. 547). pp. 9923-35, 9961

The bill does not include any items for this Department. The committee report includes the following statement regarding funds for financing the Area Redevelopment Administration:

"DEPARTMENT OF COMMERCE

"The $250,000 budget estimate for initial operations of the Area Redevelopment Administration, the program for depressed areas, has been voluntarily withdrawn. The Committee is advised that such expenses are being financed for the closing weeks of 1961 from the appropriation Emergency Fund for the President, National Defense."

3. PUBLIC LANDS. Passed without amendment H. R. 2249, to authorize the Secretary of Agriculture to convey a tract of forest land in California to Trinity County. pp. 9909-10

Passed as reported H. R. 2250, to direct the Secretary of Agriculture to convey a tract of forest land in Lassen County, Calif., to the city of Susanville. p. 9910

4. SETTLEMENTS. Passed without amendment H. R. 6835, to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements of State and foreign courts. p. 9910

5. INTERNATIONAL TRAVEL. Agreed to the conference report on S. 610, to provide for the establishment of an Office of International Travel and a Travel Advisory Board. pp. 9922-3

6. PUBLIC DEBT. The Ways and Means Committee reported without amendment H. R. 7677, to increase for 1 year, from July 1, 1961 to June 30, 1962, the public debt limit by $13 billion (H. Rept. 549). p. 9961

Rep. Curtis, Mo., inserted a copy of the separate minority views on this bill. pp. 9947-9

7. ASSISTANT SECRETARIES. Rep. Hoffman, Mich., objected to the consideration of H. R. 6882, to provide for one additional Assistant Secretary of Labor. p. 9911

8. WATERSHEDS. Rep. Perkins urged enactment of his bill H. R. 5513, to stimulate economic growth through accelerated natural resources development, and said that H. R. 5513 "or similar legislation, will be more beneficial to many of the low-income farm counties in the country than the present area redevelopment law." pp. 9949-50

9. MONOPOLIES. Rep. Patman inserted an address by P. R. Dixon, Chairman of the Federal Trade Commission, to Grocery Manufacturers of America, Inc., in which he said "You may be sure that the Commission will continue and, to the extent that increased funds and efficiency permit, will increase its efforts to promote competition in the food industry." pp. 9958-60

ITEMS IN APPENDIX

10. FARM PROGRAM. Rep. Beermann inserted an article, "'Leave Us Alone,' Southeastern Group Says to U. S. Agriculture Official," discussing a meeting of poultrymen with Assistant Secretary Ralph in which they expressed opposition to the farm bill. He also inserted an article, "It Looks Bad for Freedom Lovers in Washington, D. C.," opposing enactment of the farm bill. pp. A4494-5

Rep. Short inserted the transcript of a debate between Mark Andrews, Mapleton, N. Dak., Republican national committeeman, and Dr. S. B. Hocking, Devils Lake, N. Dak., Democratic national committeeman, discussing the merits of the proposed farm bill. pp. A4499-4501

Rep. St. George inserted an editorial, "Dangerous Bill," contending that if the farm bill is enacted "the results to agriculture will be tragic." p. A4513

11. FARM LABOR. Extension of remarks of Rep. Denton opposing extension of the Mexican farm labor program and inserting an editorial, "Farm Migrants May Get a Break at Last." p. A4558

"These legislative aims require that the subcommittee have full knowledge of current and past practices and policies of the port authority with respect to all real estate transactions.

"Item 4(c) of the subcommittee's subpenas requires the production of files relating to 'the negotiation and issuance of revenue bonds.'

"These documents are sought, in part, because it has been alleged that full and free competition is not permitted by the authority in underwriting arrangements for issuance of its bonds.

"In addition, it appears that issuance of these bonds is not subject to regulation by the Securities and Exchange Commission. The effectiveness with which the port authority conducts these financing operations bears directly upon its ability to carry out its responsibilities under the compacts.

"Accordingly, it is essential that the subcommittee scrutinize these files in considering whether to condition further consent to the compacts upon changes in financial policies of the authority.

"Item 4(d) of the subcommittee's subpenas calls for files relating to 'the policies of the authority with respect to the development of rail transportation.'

"These documents have been requested because of the subcommittee's desire to ascertain the extent to which one of the authority's principal purposes has been carried out. In article 6 of the 1921 compact as approved by Congress, certain primary powers granted under the compact are conditioned upon approval of a comprehensive plan for the development of the port.

"In 1922, this comprehensive plan was presented to the Congress and approved. The 1922 comprehensive plan dealt extensively with development of rail transportation into and out of the port district. Accordingly, examination of files dealing with policies concerning the development of rail transportation are necessary to give the subcommittee information as to how this part of the authority's mandate as approved by Congress in 1922 has been and is being carried out.

"The foregoing explanation, the Chair wishes to emphasize, illustrates only some of the respects in which the documents required by its subpenas are necessary to the effectuation of the subcommittee's inquiry.

"The Chair has made the foregoing statement to make clear to all concerned that the selection of documents required by the subpenas is reasonably calculated to aid the subcommittee in carrying out the duties and responsibilities imposed upon it by its parent Committee on the Judiciary and by the U.S. House of Representatives. However, the foregoing in no way exhausts the reasons why the documents called for by the subpenas are pertinent and necessary to the subcommittee's inquiry."

DEBT LIMIT

(Mr. CURTIS of Missouri asked and was given permission to address the House for 1 minute.)

Mr. CURTIS of Missouri. Mr. Speaker, I call the attention of the House to the fact that the debt limit bill will be before us probably this week, and I am including with my remarks at this point a copy of the separate minority views on this important legislation. We are now going to increase the temporary debt limit by $5 billion, making a total increase of $13 billion in an administration which avowedly is following a course of deficit financing. I recommend to all of my colleagues these supplemental views.

The minority views to which I refer are as follows:

IV. Separate Views of the Minority on H.R. 7677

On January 20, 1961, the American people were admonished:

"Ask not what your country will do for you—ask what you can do for your country."

This utterance occurred 4 days after President Eisenhower submitted his last budget message to the Congress. Nothing has occurred since January 20 in Federal fiscal affairs—or, indeed, in any other area of Government affairs—that would suggest that these hope-inspiring words were anything but an empty expression, devoid of purpose and destitute of meaning.

These minority views on H.R. 7677 will be devoted to a consideration of the fiscal experience of the past 5 months which has found the only things asked of our citizens are (1) impaired purchasing power of earnings and savings because of inflation and (2) higher taxes—for the most part to be imposed not upon ourselves but upon succeeding generations—because of mounting public indebtedness. Consideration will also be given to the grave fiscal implications involved in the compulsive and unrestrained spending practices of the Kennedy administration that have necessitated a record peacetime debt ceiling recommendation of $298 billion for fiscal year 1962.

The above-mentioned Eisenhower budget message of January 16, 1961, was for fiscal year 1962, and contained budgetary estimates involving receipts of $82.3 billion, expenditures of $80.9 billion, a surplus of $1.5 billion, and a public debt at the end of the fiscal year of $283.4 billion. That budget was neither penurious nor neglectful in recommending the timely performance of essential responsibilities of the Federal Government.

President Eisenhower in submitting his budget message said that his recommendations "will meet the essential domestic needs of the Nation, provide for the national defense, and at the same time preserve the integrity and strength of our Federal Government's finances." President Eisenhower went on to say that his budget proposal recognized "national priorities" to "help foster noninflationary prosperity at home and strengthen confidence in the dollar abroad." In presenting his recommendations to the Congress, he warned:

"Our resources will not be unlimited. New and expanded Federal programs being urged by special groups are frequently appealing, but, added to existing commitments, they threaten to swell expenditures beyond the available resources.

"The Federal Government cannot reasonably satisfy all demands at the same time. We must proceed first to meet those which are most pressing, and find economics to help pay their costs by reappraising old programs in the light of emerging priorities. We must encourage States and localities to increase further their participation in programs for meeting the needs of their citizens. And we must preserve and strengthen the environment in which individual initiative and responsibility can make their maximum contribution."

Thus did President Eisenhower describe his budget and its underlying principles. Unfortunately, President Kennedy did not agree with respect to either dollar magnitudes or fiscal objective. The Kennedy administration in 5 months' time has changed surpluses to deficits and has abandoned any semblance of concern for a balanced budget. The administration has vainly attempted to substitute bigger Government spending for effective leadership as it has temporized with crises at home and abroad. The present administration now estimates fiscal year 1962 will involve receipts of $81.4 billion, expenditures of $85.1 billion, a deficit of $3.7 billion, and a public debt of $290.1 billion.

There follows a comparison of the estimated budget projections of the Eisenhower administration (as of Jan. 16, 1961) and the Kennedy administration (as of June 15, 1961) for fiscal years 1961 and 1962. In submitting these data caution is urged in recognizing that expenditure estimates may be lower than experience will prove to be the fact.

Table 1.—*Budget totals*

[Billions of dollars]

Budget item	Fiscal year 1961		Fiscal year 1962	
	Jan. 16, 1961	June 15, 1961	Jan. 16, 1961	June 15, 1961
Receipts	$79.0	$78.2	$82.3	$81.4
Expenditures	78.9	80.7	80.9	85.1
Surplus (+) or deficit (−)	+.1	−2.5	+1.5	−3.7
New obligational authority	82.1	87.1	80.9	87.6
Debt at end of year [1]	284.9	289.0	283.4	290.1

[1] The change in public debt is not the same as projected budget surplus or deficit because it reflects changes in Treasury cash balances, etc.

It is evident from table 1 that the Kennedy administration has required only 5 months in which to increase recommended budgetary expenditures by a total of $6 billion for fiscal years 1961 and 1962. And in all likelihood this is only the beginning unless Congress imposes the fiscal restraint and responsibility urgently required for sustainable national progress. The spending policies of this administration are largely responsible for converting fiscal year 1962 from a year of debt reduction to a level of $283.4 billion, as forecast by President Eisenhower, to a year of debt increase to a level of $290.1 billion. The annual cost of interest alone to carry this $6.7 billion addition to the total debt level projected for June 30, 1962, over the Eisenhower estimated debt level is $268 million, assuming an interest rate of 4 percent.

The increases in budgetary spending and budgetary deficits referred to above do not reflect the only increases in cost of government recommended by the Kennedy administration.

Other nonbudgetary spending affecting the cost of government includes trust fund expenditures, which are currently proposed, for fiscal year 1962 at $1.5 billion higher than recommended by the previous administration. In regard to deficits in trust fund operations, President Kennedy recommends, for fiscal year 1962, that a projected even balance be allowed to become a $1 billion deficit.

Trust fund expenditures will be in the magnitude of almost $27 billion for fiscal year 1962.

A second nonbudgetary area of spending is concerned with what has been descriptively characterized as back-door spending. The primary budget prepared by the Eisenhower administration sought to avoid any new back-door financing as well as to redirect existing back-door programs to the regular appropriations process. The Kennedy administration advocated a shift from regular appropriations procedures to back-door financing on the area redevelopment legislation. This was followed by two other huge administration supported back-door financed programs. The first is the Kennedy administration foreign aid bill which contains $8.8 billion in back-door spending for loans for underdeveloped countries. The second is the $8.8 billion called for in back-door financing in the administration's housing bill. When these programs are added to the administration's education program, it becomes evident that the Kennedy administration has endorsed or proposed approximately $20 billion in additional back-door spending in the first 5 months of its existence. There is reason for genuine concern over the extent to which the back-door spending may become a front-door demand on the Treasury because of unrealistic optimism over the recoupment potential in the Kennedy administration proposed back-door programs.

The full impact of Federal operations is demonstrated by a consideration of total receipts from and payments to the public. These statistical data combine receipts and payments from the budget, trust funds, and Government-sponsored enterprises. Under the Kennedy administration a January estimated surplus of $1.1 billion in combined operations would be converted to a June estimated deficit of $1 billion for fiscal year 1961, and the comparable figures for fiscal year 1962 would be a January estimated surplus of $1.3 billion and a June estimated deficit of $4.8 billion. The Kennedy administration has recommended an increase in payments to the public in fiscal years 1961 and 1962 totaling $6.9 billion. The data in table 2 set forth the budget, trust fund, and cash budget information discussed above.

TABLE 2.—*Principal fiscal totals in Federal budgets, fiscal years 1961 and 1962* [1]

[Billions of dollars]

	1961		1962		Difference, JFK versus January budget	
	January budget	JFK	January budget	JFK	1961	1962
Budget receipts	79.0	78.2	82.3	81.4	−0.8	−0.9
Budget expenditures	78.9	80.7	80.9	85.1	+1.7	+4.2
Budget surplus (+) or deficit (−)	+.1	−2.5	+1.5	−3.7	−2.6	−5.2
Trust fund receipts	24.2	24.8	25.2	25.7	+.6	+.5
Trust fund expenditures	24.1	24.5	25.2	26.7	+.4	+1.5
Trust fund surplus (+) or deficit (−)	+.1	+.3	----------	−1.0	+.2	−1.0
Receipts from the public [2]	99.0	98.5	103.1	102.3	−.5	−.8
Payments to the public [2]	97.9	99.5	101.8	107.1	+1.6	+5.3
Excess of receipts (+) or payments (−)	+1.1	−1.0	+1.3	−4.8	−2.1	−6.1
New obligational authority	82.1	87.1	80.9	87.6	+5.1	+6.7

[1] 1961 and 1962 estimated in Eisenhower budget document in January and Kennedy revisions in March and May.
[2] Budget and trust fund totals combined, minus intragovernmental transactions and minor items.

NOTE.—Detail in this and subsequent tables may not add to totals because of rounding.

It is proper to inquire the extent to which this increased spending that is being spent today and presumably paid for at an undetermined future time may be for essential items involving major national security or is for items of possibly a more discretionary nature. Table 3 relates to this consideration:

TABLE 3.—*New obligational authority by major function*

[Fiscal year 1962; dollar figures in billions]

	January budget	Current budget	Difference
Total new obligational authority	$80.9	$87.6	+$6.7
Major national security	46.3	48.6	+2.3
Other purposes and functions [1]	34.6	39.0	+4.4

[1] Includes such items as increases for agriculture, education, housing, and space proposals.

Of the total increase of $6.7 billion in new obligation authority proposed during the course of 5 months by the Kennedy administration over and above the $80.9 billion recommended in the January budget, 34 percent ($2.3 billion) is for major national security items and 66 percent ($4.4 billion) is for other purposes and functions of the Federal Government.

The allocation of the increased obligational proposals between defense and other functions as revealed in table 3 suggests a serious question as to the propriety of the Congress acting at this time on the full $13 billion increase in the debt ceiling. Not a single departmental appropriation bill for fiscal year 1962 has as yet cleared the Congress; and still undetermined is the disposition of recommended programs involving literally billions of dollars in "back-door" spending. It might be that the Congress should now act to approve a lesser increase in the debt limit pending a determination as to the willingness of a majority in the Congress to subscribe to the spending proclivities of the Kennedy administration largely in support of pressure group programs not generally urged or desired by the American people.

An indication of estimated budget expenditures proposed for fiscal year 1962 (excluding Department of Defense military expenditures) dependent upon new authorizing legislation or new obligation authority is set forth in table 4. An examination of this table suggests some of the areas of proposed spending that should receive careful study by the Congress in terms of deciding priorities and the justification, if any, for engaging in deliberate deficit financing.

TABLE 4.—*Estimated budget expenditures in fiscal 1962 dependent upon new authorizing legislation (as well as new obligational authority) (excluding Department of Defense, military)*

[In millions]

Program or proposal	Estimated expenditures, 1962		
	Jan. 16, 1961, budget	Revisions since Jan. 20, 1961	Total
Judiciary: Judgeship bill		$4	$4
Funds appropriated to the President: Mutual security program—economic and contingencies	$539	75	614
Independent offices:			
Atomic Energy Commission: Plant acquisition and construction	26		26
Civil Service Commission: Payment to certain retired employees, widows, and widowers from trust fund rather than appropriated funds for certain benefits enacted in 1958	−45		−45
Federal Home Loan Bank Board: Temporary premium rate increase for member banks (equivalent to reduction in high requirement for investment in stock)	−164		−164
National Aeronautics and Space Administration: Annual authorization	537	415	952
Veterans' Administration:			
Direct loans to veterans (January proposal would confine to Korean veterans)	−30	30	
Selective increases in veterans' compensation rates		65	65
Housing and Home Finance Agency:			
Low-cost housing		60	60
Other housing proposals		44	44
Department of Agriculture:			
Special milk program	94	9	103
Sugar Act program	69		69
Conservation reserve program	19	−19	
Farm housing loans		40	40
Forest Service		2	2
Department of Commerce: Area redevelopment program	10	40	50
Department of Health, Education, and Welfare:			
Education:			
Aid to federally impacted school districts	60	−5	55
Promotion and further development of vocational education	4		4
Department of Health, etc.—Continued			
Education—Continued			
Aid to elementary and secondary education		$500	$500
National Defense Education Act		15	15
Aid to higher education		21	21
Medical education		9	9
Health:			
Environmental health activities	$3		3
Community health activities		9	9
Water and air pollution control		12	12
Welfare:			
Medical benefits for the aged (January budget proposal replaced by a trust fund proposal)	25	−25	
Aid to dependent children		215	215
Effect on budget of proposed liberalization of old-age, survivors, and disability insurance program		−27	−27
Department of Justice: Judgeship bill		1	1
Department of Labor:			
Minimum wage legislation		4	4
Training, retraining, and increased worker mobility program		60	60
Post Office Department: Postal rate increases	[1] −741		−741
Department of State:			
Acquisition, operation, and maintenance of buildings abroad	12	7	19
Payment of Philippine war damage claims	49		49
Treasury Department: Internal Revenue Service (social security numbers for taxpayers' accounts)		7	7
Total	467	1,568	2,035

[1] Revised from $843,000,000 to take account of administrative and other actions since January which require a smaller legislative increase in postal rates.

Thus, we find that the present administration has taken the Eisenhower budget of January 16, 1961, made only token gestures to cut back any of the budgetary recommendations contained therein, and has built thereon a new maze of Government programs involving the expenditure of added billions in deficit financing to feed the fires of inflation and to burden the coming generation of taxpayers with our obligations. Involved in this budgetary transition is more than a question of dollars, as grave and serious as that question may be. There are also involved basic questions of fiscal policy and budgetary philosophy that have far-reaching implications for the relationships between our citizens and their governments and for the strength and character of our free enterprise system. There exists a dangerous trend toward greater reliance on public expenditures compared with private expenditures and on Federal intervention than on State and local action in meeting so-called essential needs. This tendency toward bigger Central Government as the solution to all problems may serve to impair our national strength at a time when world conditions demand of us maximum accomplishment. As we evaluate what we expect of government, we must remember that the cost of Government is inescapably computed as a price in terms of deprivation of liberty. We must inquire of ourselves as to whether or not what is proposed in spending is in the national interest. Congress is not obligated to accept blindly the budgetary recommendations of the administration; instead Congress is obligated to exercise a carefully considered judgment as to priorities of programs and as to what is best for our country.

The signatories to these separate views are not unanimous as to whether or not the bill, H.R. 7677, should be approved but we are united in asserting that the passage of the administration's request for a debt limit increase of $13 billion cannot be construed as a commitment of approval of the spending proposals of the Kennedy administration. We are also united in the conviction that the administration must immediately address itself to the urgent task of bringing order to our fiscal affairs instead of creating problems and then vastly compounding them by massive spending programs that cause an alarming state of fiscal affairs.

NOAH M. MASON.
JOHN W. BYRNES.
HOWARD H. BAKER.
THOMAS B. CURTIS.
VICTOR A. KNOX.
JAMES B. UTT.
JACKSON E. BETTS.
BRUCE ALGER.
STEVEN B. DEROUNIAN.
HERMAN T. SCHNEEBELI.

WATERSHED PROGRAM

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD and include a table.)

Mr. PERKINS. Mr. Speaker, I am taking this time to call to the attention of the House H.R. 5513, pending before the House Committee on Agriculture, supplementing the present watershed program. The proposal that I introduced is a supplement to the present watershed law. As I understand, H.R. 5513 meets the approval of the Secretary of Agriculture and is before the Budget Bureau for comment.

The Secretary, under the bill that I introduced, would be required to determine that the area has undeveloped natural resources which will provide a basis through development, protection, and utilization, for a permanently improved economic status within the area. The Secretary would also have to find that the area ranked among the highest 20 percent of all such areas in the Nation in low-income families and in the existence of substantial and persistent unemployment and underemployment.

Mr. Speaker, this legislation, or similar legislation, will be more beneficial to many of the low-income farm counties in the country than the present area redevelopment law. Practically all of the low-income farm-producing counties cannot qualify for assistance under the present watershed program. I am taking this opportunity to insert in the CONGRESSIONAL RECORD various congressional districts by number throughout the country where thousands of investigations have been made at the county level and no projects approved in Washington for the congressional district.

I hope the Members of the House will note the chart that I am inserting in the RECORD. I am only listing the districts where investigations have actually been made and denied at the State level because of the benefit-cost ratio requirement in the present law. This does not mean by any means that projects have been approved in all the other congressional districts not enumerated below. I am only listing congressional districts

where many important projects have not met the cost-benefit ratio requirement.

State:	Congressional District
Alaska	1
Arkansas	3
California	2, 3
Colorado	4
Florida	8
Georgia	2, 8
Idaho	1, 2
Illinois	23, 25
Indiana	8
Kansas	5, 6
Kentucky	5, 6, 7, 8
Maine	1, 2, 3
Maryland	6
Massachusetts	1,2, 6
Michigan	9, 10, 11, 12
Minnesota	6, 8
Mississippi	6
Missouri	7, 8, 10
Montana	1, 2
Nebraska	4
Nevada	1
New Hampshire	1, 2
New Jersey	7
New York	28, 29, 31, 32, 33
North Carolina	7
Ohio	6, 10, 15
Oregon	2
Pennsylvania	17, 18, 20, 21, 22, 23, 25, 26
Rhode Island	1, 2
South Carolina	2, 6, 7
South Dakota	2
Tennessee	1, 2, 3, 6
Texas	18, 19
Vermont	1
Virginia	6, 9
Virginia	1, 9
Washington	4, 5
West Virginia	1, 2, 3, 4, 5, 6
Wisconsin	6, 7, 8, 10
Wyoming	1
Puerto Rico	1

Mr. Speaker, in conclusion, I am hopeful that the membership of the House will support our efforts in obtaining legislation that will promote watershed programs in the low-income farm counties in the Nation.

SILVER ANNIVERSARY OF THE ROBINSON-PATMAN ACT

The SPEAKER. Under previous order of the House, the gentleman from Oklahoma [Mr. STEED] is recognized for 1 hour.

(Mr. STEED asked and was given permission to revise and extend his remarks and include extraneous matter.)

Mr. STEED. Mr. Speaker, today we wish to honor one of our beloved and distinguished colleagues, the gentleman from Texas [Mr. PATMAN], and pay tribute to a notable product of his labors, the Robinson-Patman Act. That act was signed into law by President Roosevelt on June 19, 1936. On this, the silver anniversary of the act, we desire not only to commemorate this anniversary of the approval of the law, but also, we wish to pay high tribute to the gentleman from Texas [Mr. PATMAN] who as the champion of small business and of others who seek equality of opportunity understood and endeavored to help them in solving their problems.

We who have served in the Congress with the gentleman from Texas [Mr. PATMAN] know quite well that he was not content to rest upon his laurels when he secured approval of the Robinson-Patman Act 25 years ago. He has continued his efforts to secure an equal opportunity for small businessmen and other deserving Americans and today he still stands in the forefront of this battle. Certainly all who know him will be quick to acknowledge that his friends admire him and those who oppose him respect him. For one thing, he is respected for his untiring efforts. Let no one underestimate the true meaning of those words. He expects untiring efforts from us who are his colleagues. We have reason to believe that he is disappointed that our efforts do not match his, although under his prodding we have tried.

References to an example or two of our attempts to keep up with the gentleman from Texas [Mr. PATMAN] in his fight for the interests of small business perhaps would be of interest to you. They will serve to indicate what I mean when I say his efforts are untiring. Back in December 1957, he directed that hearings be held by a special subcommittee of the House Small Business Committee on certain small business problems in Dallas, Tex. That was in the period between Christmas and New Year's. I was in Miami and had settled down in anticipation of seeing a great Oklahoma team play in a great Orange Bowl game on New Year's Day. Soon I found myself sitting with the gentleman from Texas [Mr. PATMAN] in Small Business Committee hearings in Dallas, Tex. Those hearings continued into New Year's eve. It is believed that those hearings proved of benefit to small business and the public interest. However, I can assure you that for my part it required some effort. The gentleman from Texas [Mr. PATMAN] did not seem to mind. Let me refer to another example. Last Monday at this hour, at the gentleman from Texas' [Mr. PATMAN] direction, I was down near the Mexican border presiding over a hearing before a special subcommittee of the Small Business Committee. On that occasion we were endeavoring to ascertain why the price of tomatoes to growers had dropped to levels at less than 2 cents per pound, with disastrous consequences to the growers and small business firms engaged in the distribution of that product. Before the hearing ended last Monday night at 7:30, we had heard testimony and received other evidence from 25 witnesses. These references will serve to illustrate the gentleman from Texas' [Mr. PATMAN] interest in equality of opportunity for small businessmen and others.

Ten years ago, on the 15th anniversary of the Robinson-Patman Act, members of the House Small Business Committee addressed the House and paid tribute to the gentleman from Texas, WRIGHT PATMAN, and the Robinson-Patman Act. They paid tribute to him as the champion of the cause of free competitive enterprise throughout his distinguished career in the House.

On December 27, 1960, the House Small Business Committee of the 86th Congress, submitted its final report as House Report No. 2235. Chapter V of that report is devoted to the silver anniversary of the Robinson-Patman Act. The following statements are quoted from that chapter:

It is likely that before a report can be made to the House in the 87th Congress about the Robinson-Patman Act, the 25th anniversary of that law will have passed. Therefore, advantage is taken of this opportunity to make a brief reference to the Robinson-Patman Act in commemoration of it as the "Magna Carta" for small business. The members of the Select Committee on Small Business of the House of Representatives in the 86th Congress also wish to take advantage of this opportunity to salute Hon. WRIGHT PATMAN, one of the authors of the Robinson-Patman Act, for his work on that law in the interests of small business.

* * * * *

House Report No. 2287 of the 74th Congress, in reporting on the Patman bill (H.R. 8442), explained that the purpose of the proposed legislation was to restore, as far as possible, equality of opportunity in business by strengthening the antitrust laws, and by protecting trade and commerce against unfair trade practices and unlawful price discrimination, and also against restraint and monopoly for the better protection of consumers, workers, and independent producers, manufacturers, merchants, and other businessmen.

To accomplish those objectives, the Robinson and Patman bills, as passed by Congress, amended and strengthened the Clayton Act.

The records clearly show that Congress understood what the problem was, what it was doing to meet it, and that it believed the public interest required the enactment of the Clayton Act and the Robinson-Patman Act.

The Patman bill passed the House with only 16 votes recorded against it. There were no recorded votes against the legislation in the Senate.

* * * * *

In its current, stepped-up activity to enforce the Robinson-Patman Act, the Federal Trade Commission has appealed to businessmen throughout the country to operate in such manner that the task of the Commission will be facilitated. The trade press has seen fit to join in this appeal. As recently as October 24, 1960, the Food Field Reporter, a highly respected and widely read newspaper for the food industry, lent its voice to this appeal, and in a full-page editorial explained that it was doing so "because Robinson-Patman is an act which must be supported for the benefit of the entire food industry."

In a recent public statement, the Chairman of the Federal Trade Commission, in discussing the Robinson-Patman Act said:

"I think it is fair to say that two of its primary objectives were and are (1) to prevent unscrupulous buyers from abusing their economic power by extracting favorable prices which are not granted to others less powerful, and (2) to prevent unscrupulous suppliers from attempting to gain an unfair advantage over their competitors by discriminating among competing buyers."

Quite recently one of the most caustic critics of the Robinson-Patman Act wrote a book about "The Price Discrimination Law," in which he paid a compliment to the Robinson-Patman Act in the following language:

"There is strong reason to believe that the statute has afforded effective protection against the price-cutting activities of predatory would-be monopolists and that it has substantially reduced the discriminatory advantages in price enjoyed by large buyers."

These things being said about the Robinson-Patman Act as its silver anniversary approaches do not rise to the height of those said by its supporters and friends about it as the years have gone by, but these things tend to confirm what the friends and sup-

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87TH CONGRESS, 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 549

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT UNDER SECOND LIBERTY BOND ACT

JUNE 16, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 7677]

The Committee on Ways and Means, to whom was referred the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. SUMMARY OF BILL

H.R. 7677 provides for a temporary addition of $13 billion in the debt limitation. The present permanent statutory debt limit is $285 billion. In the last 2 fiscal years, however, there have been two temporary 1-year additions in this debt of $10 billion and $8 billion, respectively. This bill provides a temporary addition of $13 billion for the period from July 1, 1961, to June 30, 1962. The recent and proposed debt limitations can be summarized as follows:

[In billions]

	Actual		Proposal under bill, fiscal year 1962
	Fiscal year 1960	Fiscal year 1961	
Permanent statutory debt limit	$285	$285	$285
Additional temporary statutory debt limit	10	[1] 8	[2] 13
Combined permanent and temporary debt limit	295	293	298

[1] A $2,000,000,000 decrease from 1960 level.
[2] A $5,000,000,000 increase from 1961 level.

This bill is recommended by the administration.

II. GENERAL STATEMENT

The present permanent limitation on the public debt, provided by the Second Liberty Bond Act, as amended, is $285 billion. (This permanent ceiling first became effective June 30, 1959. The prior permanent ceiling of $283 billion was established in 1958.) In addition, for the period from July 1, 1959, to June 30, 1960, there was a temporary 1-year addition to the statutory debt limitation of $10 billion and for the period from July 1, 1960, to this June 30, a temporary 1-year addition to the debt limit of $8 billion. As a result, in the fiscal year 1960 the statutory debt limit was $295 billion, in the current fiscal year is $293 billion, and on June 30, 1961, but for this bill, would revert to the permanent limitation of $285 billion. Table 1 shows the permanent and temporary debt limitations since 1945.

On June 30, 1960, the debt subject to the statutory debt limitation amounted to $286.1 billion and it has been estimated by the Treasury Department that the public debt on June 30 of this year will amount to about $289 billion.[1]

The Secretary of the Treasury in his appearance before your committee stated:

> * * * I believe that a temporary increase in the debt limit to $298 billion is essential to the orderly and economical management of the Government's finances, and I earnestly recommend its approval by this committee.

TABLE 1.—*Statutory debt limitations*

[In billions]

Calendar year of change	Statutory debt limitation		
	Permanent	Temporary additional	Total
1945	$300		$300
1946	275		275
1954	275	$6	281
1956	275	3	278
1957	275		275
1958	283	5	288
1959	285	10	295
1960	285	8	293
1961 (proposed)	285	13	298

NOTE.—For details see table in app. A.

There are several factors which need to be taken into account in setting the statutory debt limit: the seasonal variation in the timing of receipts and expenditures, the annual surplus or deficit in the balance of budgetary revenues and expenditures, the size of the cash balance,[2] and the leeway allowed to cover contingencies. The estimates, or assumptions, made by the Treasury with respect to each of these factors are shown in table 2 and are discussed below. The last column in table 2 shows the minimum debt limit needed, based upon the assumptions as to the four factors. It will be noted that the maximum required debt limit is expected to be reached on January 15, 1962, when the level is forecast at $297.9 billion, or approximately

[1] On table 2, which is presented later, the debt as of June 30, 1961, is shown as $286.4 billion, but this is on the basis of an assumed cash balance of only $3.5 billion. The actual cash balance on June 30 is expected to be above this level.

[2] Operating balance in Federal Reserve Banks and depositories (excluding free gold).

the $298 billion, which is $13 billion above the permanent debt limit of $285 billion. Chart 1 shows the anticipated statutory debt for the fiscal year 1962 in comparison with the actual statutory debt for the past 6 years.

TABLE 2.—*Forecast of public debt outstanding, fiscal year 1962, based on constant operating cash balance of $3,500,000,000 (excluding free gold)*

[Based on assumed budget deficit of $3,700,000,000] [1]

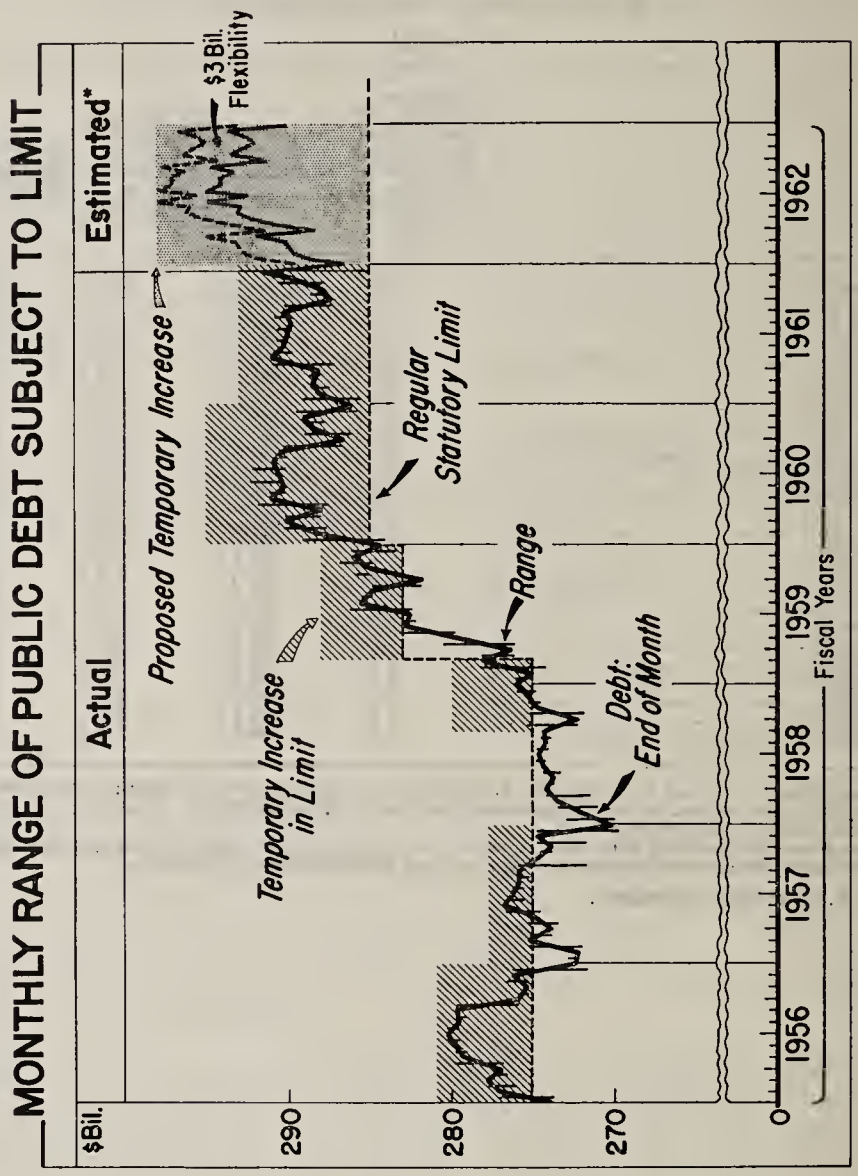
[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required [2]
1961—June 30	$3.5	[2] [3] $286.4	$3.0	$289.4
July 15	3.5	288.6	3.0	291.6
July 31	3.5	289.6	3.0	292.6
Aug. 15	3.5	289.9	3.0	292.9
Aug. 31	3.5	290.1	3.0	290.1
Sept. 15	3.5	291.9	3.0	294.9
Sept. 30	3.5	288.2	3.0	291.2
Oct. 15	3.5	290.7	3.0	293.7
Oct. 31	3.5	292.2	3.0	295.2
Nov. 15	3.5	293.0	3.0	296.0
Nov. 30	3.5	292.8	3.0	295.8
Dec. 15	3.5	294.9	3.0	297.9
Dec. 31	3.5	292.4	3.0	295.4
1962—Jan. 15	3.5	294.9	3.0	297.9
Jan. 31	3.5	294.0	3.0	297.0
Feb. 15	3.5	294.1	3.0	297.1
Feb. 28	3.5	293.2	3.0	296.2
Mar. 15	3.5	294.7	3.0	297.7
Mar. 31	3.5	291.2	3.0	294.2
Apr. 15	3.5	293.4	3.0	296.4
Apr. 30	3.5	292.7	3.0	295.7
May 15	3.5	292.9	3.0	294.9
May 31	3.5	291.3	3.0	295.3
June 15	3.5	293.6	3.0	296.6
June 30	3.5	290.1	3.0	293.1

[1] Assumes estimated budget revenues of $81,400,000,000 and estimated expenditures of $85,100,000,000.
[2] From July 1, 1960, to June 30, 1961, the statutory debt limit is $293,000,000,000. Thereafter, but for this bill, it would revert to $285,000,000,000.
[3] Because the actual operating balance on June 30, 1961, is expected to be considerably larger than $3,500,000,000, the public debt subject to limitation will be about $289,000,000,000 on that date.

Source: U.S. Treasury Department.

CHART 1



*Estimate based on assumed 1962 budget deficit of $3.7 billion. Semimonthly; assuming $3.5 billion operating balance excluding free gold.

Office of the Secretary of the Treasury

8-1374-8-2

1. *Seasonal variation.*—The seasonal variation in the size of the debt is attributable to differences in the timing of the receipt of revenues and the making of expenditures by the Federal Government. The greater variation in this respect occurs in the timing of revenues, a disproportionately large portion of which are received in the forepart of the calendar year. Table 3 (last column) shows the variation in receipts which have occurred in the current year. Although for the fiscal year 1961 the beginning debt of $288.6 billion and anticipated ending debt of $289 billion are only $400 million apart, the debt on February 15, 1960, was $290.5 billion, or $1.5 billion above the anticipated ending balance. Even on May 31 the debt still remained $1 billion above the expected closing balance. For the fiscal year 1962 a seasonal variation of $4.8 billion is included in the Treasury estimates. This is shown in the last column of table 2 which reflects a debt for January 15, 1962 ($297.9 billion), $4.8 billion above the ending balance of $293.1 billion.

TABLE 3.—*Actual cash balance and public debt outstanding, July 1960–May 1961*

[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation
1960—July 15	$7.4	$288.6
July 31	6.2	288.1
Aug. 15	4.8	287.5
Aug. 31	5.1	288.4
Sept. 15	3.0	288.3
Sept. 30	7.5	288.2
Oct. 15	3.6	287.2
Oct. 31	5.9	290.2
Nov. 15	4.1	289.9
Nov. 30	5.0	290.2
Dec. 15	2.7	290.0
Dec. 31	5.7	290.0
1961—Jan. 15	3.4	289.9
Jan. 31	3.8	289.8
Feb. 15	3.7	290.5
Feb. 28	5.3	290.3
Mar. 15	2.8	290.0
Mar. 31	4.0	287.3
Apr. 15	1.7	288.4
Apr. 30	2.9	287.8
May 15	4.0	288.8
May 31	4.4	290.0

NOTE.—From July 1, 1960, to June 30, 1961, the statutory debt limit is $293,000,000,000. Thereafter, but for this bill, it would revert to $285,000,000,000.

Source: U.S. Treasury Department.

2. *Deficit in revenue-expenditure balance.*—The Secretary of the Treasury in his appearance before your committee in executive session estimated that there would be a deficit for the fiscal year 1962 of $3.7 billion, assuming all of the revenue and expenditure estimates of the President are enacted. This figure is reflected in the debt limit forecast in table 2 in that the ending debt of $293.1 billion is $3.7 billion above the beginning debt of $289.4 billion. The $3.7 billion deficit is based upon the following estimates of budgetary revenues and expenditures:

	Billion
Expenditures	$85.1
Revenues	81.4
Deficit	3.7

Table 4 shows the more detailed expenditure estimates on which the above expenditure total of $85.1 billion is based. This table shows the estimates appearing in the budget presented on January 16 by the last administration,together with the two revisions made by the present administration in these estimates. The $85 billion, shown in table 4 as the current expenditure estimates, excludes any amount for the expansion of the civil defense program as recommended by the President. Therefore, the administration representatives increased this $85 billion by $100 million to reflect the expenditure requirement of this program, as well as other contingencies. The expenditure figures presented above assume the enactment of the President's recommendations with respect to postal rates. If this is not done, it is estimated that the deficit will be $741 million larger than that shown. These figures also assume the enactment of all of the President's revenue requests, including those relating to jet fuel and the highway program. These figures further assume the continuation of the tax rates provided by the tax rate extension bill of 1961. If these rates are not continued, the deficit shown for the fiscal year 1962 would have to be increased by about $2½ billion.

TABLE 4.—*Budget expenditures by major agency for the fiscal year 1962*

[In millions]

Department or agency	Jan. 16, 1961, estimate	Mar. 28, 1961, estimate	May 25, 1961, increases	Total
Legislative branch and the judiciary	$203	$207	----------	$207
Executive Office of the President	92	92	----------	92
Funds appropriated to the President:				
Mutual security—economic and contingencies	1,875	1,875	$75	1,950
Other	75	175	----------	175
Independent offices:				
Atomic Energy Commission	2,680	2,670	----------	2,670
Federal Aviation Agency	730	743	----------	743
National Aeronautics and Space Administration	965	1,050	330	1,380
Small Business Administration	98	98	88	186
U.S. Information Agency	138	146	2	148
Veterans' Administration	5,369	5,404	----------	5,404
Other	436	456	----------	456
General Services Administration	496	498	----------	498
Housing and Home Finance Agency	728	942	----------	942
Department of Agriculture	5,782	6,440	----------	6,440
Department of Commerce	566	614	19	633
Department of Defense (military):				
Military functions	42,910	43,800	100	43,900
Military assistance	1,750	1,650	50	1,700
Department of Defense (civil)	984	1,021	----------	1,021
Department of Health, Education, and Welfare	4,005	4,798	----------	4,798
Department of the Interior	873	906	----------	906
Department of Justice	294	296	----------	296
Department of Labor	223	654	60	714
Post Office Department	63	63	----------	63
Department of State	345	351	----------	351
Treasury Department:				
Interest	8,593	8,693	----------	8,693
Other	1,095	1,120	----------	1,120
District of Columbia	66	66	----------	66
Allowance for contingencies	100	100	----------	100
Subtotal	81,532	84,926	724	85,650
Deduct interfund transactions	667	667	----------	667
Total	80,865	84,259	724	84,983

NOTES

1. Mar. 28 figures include reestimates of expenditures under the Jan. 16 program as well as new proposals of present administration.
2. Excludes amount for expansion of civil defense program.
3. Excludes certain small modifications proposed by the President between Mar. 28 and May 25 which will affect 1962 expenditures by a smaller amount than the allowance for contingencies.
4. Detail may not add to totals because of rounding.

Source: Bureau of the Budget.

The Secretary of the Treasury in his appearance before your committee indicated that the receipt level of $81.4 billion for the fiscal year 1962 was this low primarily because it still will reflect the recession, although recovery is already underway. This is expected to occur because the corporate tax revenues which will be available in the fiscal year 1962 will be based upon corporate profits of the present calendar year which includes the lowest point in the recession. To a lesser extent this is also true of individual income tax collections, to the extent they exceed collections from withholding and payments with declarations of estimated tax.

For the fiscal year 1961 the Secretary of the Treasury indicated that a deficit of $2.5 billion is now expected. This is based upon:

	Billion
Expenditures	$80.7
Revenues	78.2
Deficit	2.5

Table 5 shows the more detailed estimates upon which the above expenditure total of $80.7 billion is based.

TABLE 5.—*Budget expenditures by major agency for the fiscal year 1961*

[In millions]

Agency	Jan. 16, 1961, estimate	Mar. 28, 1961, revision		
		Revisions in estimates for January program	Administrative actions and program changes	Total
Legislative branch and the judiciary	$208	−$8		$200
Executive Office of the President	61	+11		72
Funds appropriated to the President:				
Mutual security—economic and contingencies	1,675	+50		1,725
Other	43	−10	+25	58
Independent offices:				
Atomic Energy Commission	2,660			2,660
Federal Aviation Agency	640	−10		630
National Aeronautics and Space Administration	770	−50		720
Small Business Administration	77			77
U.S. Information Agency	125			125
Veterans' Administration	5,314	+86		5,400
Other	468	+15	+24	507
General Services Administration	442	−42	+20	420
Housing and Home Finance Agency	544	−30	+11	525
Department of Agriculture	5,739	−343	+411	5,807
Department of Commerce	511			511
Department of Defense (military):				
Military functions	41,500	+761	+239	42,500
Military assistance	1,700	−200		1,500
Department of Defense (civil)	986	+14	+15	1,015
Department of Health, Education, and Welfare	3,716		+28	3,744
Department of the Interior	785	−10	+10	785
Department of Justice	285			285
Department of Labor	295	+33	+564	892
Post Office Department	786	+140		926
Department of State	260			260
Treasury Department:				
Interest	8,993			8,993
Other	965			965
District of Columbia	48	−6		42
Allowance for contingencies	25			25
Subtotal	79,621	+401	+1,347	81,369
Deduct interfund transactions	676			676
Total	78,945	+401	+1,347	80,693

NOTE.—Detail may not add to totals because of rounding.

Source: Bureau of the Budget.

For the fiscal year 1963 the Secretary of the Treasury looks for a sharp rise in revenues, with the "* * * reasonable expectation that there will be a balanced budget, if not a surplus * * *." He pointed out that this is in accord with the statement of the President in his message on budget and fiscal policy of March 24, 1961:

> Federal revenues and expenditures * * * should, apart from any threat to national security, be in balance over the years of the business cycle * * * running a deficit in years of recession * * * and running a surplus in years of prosperity * * *.

3. *Cash balance.*—In arriving at the statutory debt limit proposed, the cash balance was assumed by the Treasury to be at the level of $3.5 billion throughout the year. In this respect it was suggested that this actually is a rather low working balance for an operation as large as that of the Treasury and subject to such sharp fluctuations in receipts and expenditures. It was pointed out that such a balance would cover only a little over half of an average month's budget expenditures, which represented a lower ratio of cash holdings to expenditures than is maintained by most business corporations.

Table 3, which shows the cash balances at half-month intervals, for the fiscal year 1961 indicates that this balance has ranged from $7.5 billion down to $1.7 billion but has averaged closer to $5 billion than to $3.5 billion.

4. *Leeway for contingencies.*—A fourth factor is the leeway required for contingencies. The Treasury estimate makes allowance for $3 billion to cover contingencies, such as variations in economic levels, which can have an important effect on either the revenue or expenditure side of the budget. This $3 billion margin for contingencies is the same as was used in the estimates presented last year. In addition to covering various contingencies, this will provide greater flexibility in debt management, since it will remove the necessity of waiting until obligations are matured before new issues intended as replacements are issued. The $3 billion margin can also be used to cover national emergencies, especially any which arise in periods when Congress is not in session.

III. Appendix

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation

Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7, 538, 945, 400
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding (revolving authority)	[2] 4, 000, 000, 000
April 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12, 000, 000, 000
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[2] 8, 000, 000, 000
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[1] 20, 000, 000, 000
Mar. 3, 1919:	
40 Stat. 1311, amending sec. 5, increased authority for certificates outstanding to	[2] 10, 000, 000, 000
40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of	[1] 7, 000, 000, 000
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority to outstanding (establishing revolving authority)	[2] 7, 500, 000, 000
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	[2] 10, 000, 000, 000
Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	[1] 28, 000, 000, 000
Jan. 30, 1934: 48 Stat. 343, amending sec. 18, increased authority for notes outstanding to	[2] 10, 000, 000, 000
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to	[2] 25, 000, 000, 000
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18). Same aggregate amount outstanding	[2] 20, 000, 000, 000
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1.	
May 26, 1938: 52 Stat. 447, amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding	[2] 45, 000, 000, 000
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes	[2] 45, 000, 000, 000
June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'."	[3] 4, 000, 000, 000
Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of Act outstanding at any one time to	[2] 65, 000, 000, 000
Eliminates separate authority for $4,000,000,000 of National Defense Series obligations.	

See footnotes at end of table, p. 10.

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued

Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[2] $125,000,000,000
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	[2] 210,000,000,000
June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to	[2] 260,000,000,000
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligati3ns as may be held by the Secretary of the Treasury), shall not exceed in the aggregate $300,000,000,000 outstanding at any one time."	[2] 300,000,000,000
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation." and decreasing limitation to	[2] 275,000,000,000
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by $6,000,000,000 to	[2] 281,000,000,000
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954, act by extending until June 30, 1956, increase in limitation to	[2] 281,000,000,000
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by $3,000,000,000 for period beginning July 1, 1956, and ending June 30, 1957, to	[2] 278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1946, to	[2] 275,000,000,000
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by $5,000,000,000	[2] 280,000,000,000
Sept. 2, 1958: 72 Stat. 1758, amending sec. 21, increasing limitation to $283,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation	[2] 288,000,000,000
June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959	[2] 290,000,000,000
Amending sec. 21, temporarily increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959	[2] 295,000,000,000
June 30, 1960: 74 Stat. 290, amending sec. 21, for period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000	[2] 293,000,000,000

[1] Limitation on issue.
[2] Limitation on outstanding.
[3] Limitation on issues less retirements.

IV. SEPARATE VIEWS OF THE MINORITY ON H.R. 7677

On January 20, 1961, the American people were admonished:

> Ask not what your country will do for you—ask what you can do for your country.

This utterance occurred 4 days after President Eisenhower submitted his last budget message to the Congress. Nothing has occurred since January 20 in Federal fiscal affairs—or, indeed, in any other area of Government affairs—that would suggest that these hope-inspiring words were anything but an empty expression, devoid of purpose and destitute of meaning.

These minority views on H.R. 7677 will be devoted to a consideration of the fiscal experience of the past 5 months which has found the only things asked of our citizens are (1) impaired purchasing power of earnings and savings because of inflation and (2) higher taxes—for the most part to be imposed not upon ourselves but upon succeeding generations—because of mounting public indebtedness. Consideration will also be given to the grave fiscal implications involved in the compulsive and unrestrained spending practices of the Kennedy administration that have necessitated a record peacetime debt ceiling recommendation of $298 billion for fiscal year 1962.

The above-mentioned Eisenhower budget message of January 16, 1961, was for fiscal year 1962, and contained budgetary estimates involving receipts of $82.3 billion, expenditures of $80.9 billion, a surplus of $1.5 billion, and a public debt at the end of the fiscal year of $283.4 billion. That budget was neither penurious nor neglectful in recommending the timely performance of essential responsibilities of the Federal Government.

President Eisenhower in submitting his budget message said that his recommendations "will meet the essential domestic needs of the Nation, provide for the national defense, and at the same time preserve the integrity and strength of our Federal Government's finances." President Eisenhower went on to say that his budget proposal recognized "national priorities" to "help foster noninflationary prosperity at home and strengthen confidence in the dollar abroad." In presenting his recommendations to the Congress, he warned:

> * * * our resources will not be unlimited. New and expanded Federal programs being urged by special groups are frequently appealing, but, added to existing commitments, they threaten to swell expenditures beyond the available resources.
>
> The Federal Government cannot reasonably satisfy all demands at the same time. We must proceed first to meet those which are most pressing, and find economics to help pay their costs by reappraising old programs in the light of emerging priorities. We must encourage States and localities to increase further their participation in programs for meeting the needs of their citizens. And we must preserve

and strengthen the environment in which individual initiative and responsibility can make their maximum contribution.

Thus did President Eisenhower describe his budget and its underlying principles. Unfortunately, President Kennedy did not agree with respect to either dollar magnitudes or fiscal objective. The Kennedy administration in 5 months' time has changed surpluses to deficits and has abandoned any semblance of concern for a balanced budget. The administration has vainly attempted to substitute bigger Government spending for effective leadership as it has temporized with crises at home and abroad. The present administration now estimates fiscal year 1962 will involve receipts of $81.4 billion, expenditures of $85.1 billion, a deficit of $3.7 billion, and a public debt of $290.1 billion.

There follows a comparison of the estimated budget projections of the Eisenhower administration (as of Jan. 16, 1961) and the Kennedy administration (as of June 15, 1961) for fiscal years 1961 and 1962. In submitting these data caution is urged in recognizing that expenditure estimates may be lower than experience will prove to be the fact.

TABLE 1.—*Budget totals*

[Billions of dollars]

Budget item	Fiscal year 1961		Fiscal year 1962	
	Jan. 16, 1961	June 15, 1961	Jan. 16, 1961	June 15, 1961
Receipts	$79.0	$78.2	$82.3	$81.4
Expenditures	78.9	80.7	80.9	85.1
Surplus (+) or deficit (−)	+.1	−2.5	+1.5	−3.7
New obligational authority	82.1	87.1	80.9	87.6
Debt at end of year [1]	284.9	289.0	283.4	290.1

[1] The change in public debt is not the same as projected budget surplus or deficit because it reflects changes in Treasury cash balances, etc.

It is evident from table 1 that the Kennedy administration has required only 5 months in which to increase recommended budgetary expenditures by a total of $6 billion for fiscal years 1961 and 1962. And in all likelihood this is only the beginning unless Congress imposes the fiscal restraint and responsibility urgently required for sustainable national progress. The spending policies of this administration are largely responsible for converting fiscal year 1962 from a year of debt reduction to a level of $283.4 billion, as forecast by President Eisenhower, to a year of debt increase to a level of $290.1 billion. The annual cost of interest alone to carry this $6.7 billion addition to the total debt level projected for June 30, 1962, over the Eisenhower estimated debt level is $268 million, assuming an interest rate of 4 percent.

The increases in budgetary spending and budgetary deficits referred to above do not reflect the only increases in cost of government recommended by the Kennedy administration.

Other nonbudgetary spending affecting the cost of government includes trust fund expenditures, which are currently proposed, for fiscal year 1962 at $1.5 billion higher than recommended by the previous administration. In regard to deficits in trust fund operations,

President Kennedy recommends, for fiscal year 1962, that a projected even balance be allowed to become a $1 billion deficit. Trust fund expenditures will be in the magnitude of almost $27 billion for fiscal year 1962.

A second nonbudgetary area of spending is concerned with what has been descriptively characterized as "backdoor" spending. The primary budget prepared by the Eisenhower administration sought to avoid any new "backdoor" financing as well as to redirect existing "backdoor" programs to the regular appropriations process. The Kennedy administration advocated a shift from regular appropriations procedures to "backdoor" financing on the area redevelopment legislation. This was followed by two other huge administration supported "backdoor" financed programs. The first is the Kennedy administration foreign aid bill which contains $8.8 billion in "backdoor" spending for loans for underdeveloped countries. The second is the $8.8 billion called for in "backdoor" financing in the administration's housing bill. When these programs are added to the administration's education program, it becomes evident that the Kennedy administration has endorsed or proposed approximately $20 billion in additional "backdoor" spending in the first 5 months of its existence. There is reason for genuine concern over the extent to which the "backdoor" spending may become a "front door" demand on the Treasury because of unrealistic optimism over the recoupment potential in the Kennedy administration proposed "backdoor" programs.

The full impact of Federal operations is demonstrated by a consideration of total receipts from and payments to the public. These statistical data combine receipts and payments from the budget, trust funds, and Government-sponsored enterprises. Under the Kennedy administration a January estimated surplus of $1.1 billion in combined operations would be converted to a June estimated deficit of $1 billion for fiscal year 1961, and the comparable figures for fiscal year 1962 would be a January estimated surplus of $1.3 billion and a June estimated deficit of $4.8 billion. The Kennedy administration has recommended an increase in payments to the public in fiscal years 1961 and 1962 totaling $6.9 billion. The data in table 2 set forth the budget, trust fund, and cash budget information discussed above.

TABLE 2.—*Principal fiscal totals in Federal budgets, fiscal years 1961 and 1962* [1]

[Billions of dollars]

	1961		1962		Difference, JFK versus January budget	
	January budget	JFK	January budget	JFK	1961	1962
Budget receipts	79.0	78.2	82.3	81.4	−0.8	−0.9
Budget expenditures	78.9	80.7	80.9	85.1	+1.7	+4.2
Budget surplus (+) or deficit (−)	+.1	−2.5	+1.5	−3.7	−2.6	−5.2
Truat fund receipts	24.2	24.8	25.2	25.7	+.6	+.5
Trust fund expenditures	24.1	24.5	25.2	26.7	+.4	+1.5
Trust fund surplus (+) or deficit (−)	+.1	+.3	----------	−1.0	+.2	−1.0
Receipts from the public [2]	99.0	98.5	103.1	102.3	−.5	−.8
Payments to the public [2]	97.9	99.5	101.8	107.1	+1.6	+5.3
Excess of receipts (+) or payments (−)	+1.1	−1.0	+1.3	−4.8	−2.1	−6.1
New obligational authority	82.1	87.1	80.9	87.6	+5.1	+6.7

[1] 1961 and 1962 estimated in Eisenhower budget document in January and Kennedy revisions in March and May.
[2] Budget and trust fund totals combined, minus intragovernmental transactions and minor items.

NOTE.—Detail in this and subsequent tables may not add to totals because of rounding.

It is proper to inquire the extent to which this increased spending that is being spent today and presumably paid for at an undetermined future time may be for essential items involving major national security or is for items of possibly a more discretionary nature. Table 3 relates to this consideration:

TABLE 3.—*New obligational authority by major function*

[Fiscal year 1962; dollar figures in billions]

	January budget	Current budget	Difference
Total new obligational authority	$80.9	$87.6	+$6.7
Major national security	46.3	48.6	+2.3
Other purposes and functions [1]	34.6	39.0	+4.4

[1] Includes such items as increases for agriculture, education, housing, and space proposals.

Of the total increase of $6.7 billion in new obligation authority proposed during the course of 5 months by the Kennedy administration over and above the $80.9 billion recommended in the January budget, 34 percent ($2.3 billion) is for major national security items and 66 percent ($4.4 billion) is for other purposes and functions of the Federal Government.

The allocation of the increased obligational proposals between defense and other functions as revealed in table 3 suggests a serious question as to the propriety of the Congress acting at this time on the full $13 billion increase in the debt ceiling. Not a single departmental appropriation bill for fiscal year 1962 has as yet cleared the Congress; and still undetermined is the disposition of recommended programs involving literally billions of dollars in "back door" spending. It might be that the Congress should now act to approve a lesser increase in the debt limit pending a determination as to the willingness of a majority in the Congress to subscribe to the spending proclivities of the Kennedy administration largely in support of pressure group programs not generally urged or desired by the American people.

An indication of estimated budget expenditures proposed for fiscal year 1962 (excluding Department of Defense military expenditures) dependent upon new authorizing legislation or new obligation authority is set forth in table 4. An examination of this table suggests some of the areas of proposed spending that should receive careful study by the Congress in terms of deciding priorities and the justification, if any, for engaging in deliberate deficit financing.

TABLE 4.—*Estimated budget expenditures in fiscal 1962 dependent upon new authorizing legislation (as well as new obligational authority) [excluding Department of Defense, military]*—

[In millions]

Program or proposal	Estimated expenditures, 1962		
	Jan. 16, 1961, budget	Revisions since Jan. 20, 1961	Total
Judiciary: Judgeship bill		$4	$4
Funds appropriated to the President: Mutual security program—economic and contingencies	$539	75	614
Independent offices:			
Atomic Energy Commission: Plant acquisition and construction	26		26
Civil Service Commission: Payment to certain retired employees, widows, and widowers from trust fund rather than appropriated funds for certain benefits enacted in 1958	−45		−45
Federal Home Loan Bank Board: Temporary premium rate increase for member banks (equivalent to reduction in high requirement for investment in stock)	−164		−164
National Aeronautics and Space Administration: Annual authorization	537	415	952
Veterans' Administration:			
Direct loans to veterans (January proposal would confine to Korean veterans)	−30	30	
Selective increases in veterans' compensation rates		65	65
Housing and Home Finance Agency:			
Low-cost housing		60	60
Other housing proposals		44	44
Department of Agriculture:			
Special milk program	94	9	103
Sugar Act program	69		69
Conservation reserve program	19	−19	
Farm housing loans		40	40
Forest Service		2	2
Department of Commerce: Area redevelopment program	10	40	50
Department of Health, Education, and Welfare:			
Education:			
Aid to federally impacted school districts	60	−5	55
Promotion and further development of vocational education	4		4
Aid to elementary and secondary education		500	500
National Defense Education Act		15	15
Aid to higher education		21	21
Medical education		9	9
Health:			
Environmental health activities	3		3
Community health activities		9	9
Water and air pollution control		12	12
Welfare:			
Medical benefits for the aged (January budget proposal replaced by a trust fund proposal)	25	−25	
Aid to dependent children		215	215
Effect on budget of proposed liberalization of old-age, survivors, and disability insurance program		−27	−27
Department of Justice: Judgeship bill		1	1
Department of Labor:			
Minimum wage legislation		4	4
Training, retraining, and increased worker mobility program		60	60
Post Office Department: Postal rate increases	[1] −741		−741
Department of State:			
Acquisition, operation, and maintenance of buildings abroad	12	7	19
Payment of Philippine war damage claims	49		49
Treasury Department: Internal Revenue Service (social security numbers for taxpayers' accounts)		7	7
Total	467	1,568	2,035

[1] Revised from $843,000,000 to take account of administrative and other actions since January which require a smaller legislative increase in postal rates.

Thus, we find that the present administration has taken the Eisenhower budget of January 16, 1961, made only token gestures to cut back any of the budgetary recommendations contained therein, and has built thereon a new maze of Government programs involving the expenditure of added billions in deficit financing to feed the fires of inflation and to burden the coming generation of taxpayers with our obligations. Involved in this budgetary transition is more than a question of dollars, as grave and serious as that question may be. There are also involved basic questions of fiscal policy and budgetary philosophy that have far-reaching implications for the relationships between our citizens and their governments and for the strength and character of our free enterprise system. There exists a dangerous trend toward greater reliance on public expenditures compared with private expenditures and on Federal intervention than on State and local action in meeting so-called essential needs. This tendency toward bigger Central Government as the solution to all problems may serve to impair our national strength at a time when world conditions demand of us maximum accomplishment. As we evaluate what we expect of Government, we must remember that the cost of Government is inescapably computed as a price in terms of deprivation of liberty. We must inquire of ourselves as to whether or not what is proposed in spending is in the national interest. Congress is not obligated to accept blindly the budgetary recommendations of the administration; instead Congress is obligated to exercise a carefully considered judgment as to priorities of programs and as to what is best for our country.

The signatories to these separate views are not unanimous as to whether or not the bill, H.R. 7677, should be approved but we are united in asserting that the passage of the administration's request for a debt limit increase of $13 billion cannot be construed as a commitment of approval of the spending proposals of the Kennedy administration. We are also united in the conviction that the administration must immediately address itself to the urgent task of bringing order to our fiscal affairs instead of creating problems and then vastly compounding them by massive spending programs that cause an alarming state of fiscal affairs.

NOAH M. MASON.
JOHN W. BYRNES.
HOWARD H. BAKER
THOMAS B. CURTIS.
VICTOR A. KNOX.
JAMES B. UTT.
JACKSON E. BETTS.
BRUCE ALGER.
STEVEN B. DEROUNIAN.
HERMAN T. SCHNEEBELI.

V. MINORITY VIEWS OF MR. UTT AND MR. ALGER ON H.R. 7677

While we joined as signatories to the separate views of the minority members, we are impelled to extend these views to include some practical facts which should be brought to the attention of the Members of the House and which should receive public consideration.

The Congress has annually indulged in the fiction of temporarily increasing the permanent debt ceiling. Experience has proved that nothing is more permanent than a "temporary" tax or a "temporary" increase in debt ceiling. They are simple gimmicks to lend an aura of responsibility to what is fiscally irresponsible.

The debt ceiling has had absolutely no restraining effect upon the starting of new domestic programs nor in restricting the expansion of those programs already in existence. The Budget Bureau is never deterred by a debt limit. The Congress itself is not restrained in authorizing and appropriating in excess of the debt limit.

We should acknowledge these facts to ourselves and to the public. We should follow the honest and straightforward course of either repealing the debt limit outright or, more desirably, of living within the limitation of our willingness to tax. If we cannot follow the course of fiscal prudence by the observation of self-discipline, it then becomes evident that a statutory limitation will not take the place of self-restraint. It is suggested that a constitutional limitation on the power to tax, spend, and go into debt may be necessary to compensate for our shortcomings in the vital area of fiscal restraint.

James B. Utt.
Bruce Alger.

O

Union Calendar No. 204

87TH CONGRESS
1ST SESSION

H. R. 7677

[Report No. 549]

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 1961

Mr. MILLS introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 16, 1961

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

---

A BILL

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, during the period beginning on July 1, 1961, and
4 ending on June 30, 1962, the public debt limit set forth in
5 the first sentence of section 21 of the Second Liberty Bond
6 Act, as amended (31 U.S.C. 757b), shall be temporarily
7 increased by $13,000,000,000.

Union Calendar No. 204

87TH CONGRESS
1ST SESSION

H. R. 7677

[Report No. 549]

A BILL

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

By Mr. MILLS

JUNE 15, 1961

Referred to the Committee on Ways and Means

JUNE 16, 1961

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

June 21, 1961

16. HOUSING. Began debate on H. R. 6028, the omnibus housing bill. pp. 10120-54

17. PUBLIC DEBT. The Rules Committee granted a rule for the consideration of H. R. 7677, to increase for a 1-year period the public debt limit by $13 billion. pp. 10126, 10166

18. APPROPRIATIONS. Agreed to a request by Rep. Cannon to make in order on any day next week the consideration of a resolution continuing appropriations for certain departments pending enactment of their regular appropriation bills. p. 10120

The Joint Committee on Atomic Energy reported without amendment H. R. 7576, to authorize appropriations for the Atomic Energy Commission (H. Rept. 562). p. 10166

19. SURPLUS PROPERTY. The Government Operations Committee reported without amendment S. 537, to amend the Surplus Property Act of 1944 to revise a restriction on the conveyance of surplus land for historic-monument purposes (H. Rept. 558), and S. 796, to amend the Federal Property and Administrative Services Act of 1949, as amended, so as to authorize the use of surplus personal property by State distribution agencies (H. Rept. 561). p. 10166

20. PUBLICATIONS. The Government Operations Committee reported without amendment S. 540, to authorize agencies of the Government of the United States to pay in advance for required publications (H. Rept. 560). p. 10166

21. IRRIGATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) with amendments H. R. 2206, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado. p. D489

22. EDUCATION. Rep. Patman stated "Farming is becoming more complex and demands better education than ever before. Moreover, over half of our farm youngsters will leave the farm for jobs in the cities." pp. 10155-6

The General, Special, and Select Subcommittees on Education of the Education and Labor Committee voted to report to the full committee with amendments H. R. 6774, to extend and improve the National Defense Education Act. p. D489

23. MOLASSES. Rep. Brooks, La., said "I wish to join with my Louisiana colleagues who already have protested the bringing into this country of 2 million gallons of low-priced blackstrap molasses from Cuba." p. 10119

Rep. Wilson, Calif., said that the importation of molasses from Cuba "must stop and a firm decision be reached to invoke the Trading With the Enemy Act." p. 10160

ITEMS IN APPENDIX

24. URBAN AFFAIRS. Extension of remarks of Sen. Goldwater inserting an article "No Need for Urban Affairs Cabinet Post." p. A4636

25. FARM PROGRAM. Extension of remarks of Rep. Marshall praising Rep. Karth, saying "Rep. Karth does a real service to the farm people of our State." p. A4641

26. SMALL BUSINESS. Extension of remarks of Rep. Curtis, Mo., inserting the minority views of the study of small business problems. pp. A4647-9

27. FORESTS. Extension of remarks of Rep. Ullman inserting an article, "Enhancing Our Resource Values," which says "What the average American doesn't realize is that the Forest Service and Bureau of Land Management are highly profitable enterprises returning to the Federal Treasury far more than they take out." pp. A4652-3

28. WHEAT. Extension of remarks of Rep. Breeding inserting an article, "Step in Right Direction," which says "The new Kennedy wheat program makes good sense and is deserving of support to the fullest by growers and all citizens who want constructive action to clear up the present farm mess." pp. A4655-6

29. FOREIGN TRADE. Extension of remarks of Rep. Ashley inserting a speech "The Broadening Activities of the Export-Import Bank." pp. A4667-8

30. FARM MACHINERY. Extension of remarks of Rep. Breeding inserting a list of farm implement dealers who have been forced out of business or are considering same. pp. A4682-3

BILLS INTRODUCED

31. RECLAMATION. S. 2116, by Sen. Morse (for himself and Sen. Neuberger), and H. R. 7811, by Rep. Ullman, to amend the act authorizing the Crooked River Federal reclamation project to provide for the irrigation of additional lands; to S. and H. Interior and Insular Affairs Committees. Remarks of Sen. Morse. pp. 10172-3 Remarks of Rep. Ullman. p. 10120

32. PROPERTY. S. 2119, by Sen. Kerr (for himself and Sen. Monroney), to amend the Federal Property and Administrative Services Act of 1949 so as to permit donations of surplus property to schools for the mentally retarded, schools for the physically handicapped, educational television stations, and public libraries; to Government Operations Committee.

S. 2124, by Sen. McClellan (by request), to amend section 109 of the Federal Property and Administrative Services Act of 1949, as amended, so as to remove the limitation on the maximum capital of the General Supply Fund; to Government Operations Committee. Remarks of author. pp. 10173-4

S. 2125, by Sen. McClellan, to authorize executive agencies to grant easements in, over, or upon real property of the United States under control of such agencies; to Government Operations Committee. Remarks of author. pp. 10174-5

33. LANDS. H. R. 7788, by Rep. Aspinall (by request), and H. R. 7789, by Rep. Cunningham (by request), to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes; to Interior and Insular Affairs Committee. Remarks of Rep. Aspinall. pp. 10163-5

34. DISASTER RELIEF. H. R. 7792, by Rep. Nygaard, H. R. 7801, by Rep. Short, and H. R. 7810, by Rep. Langen, to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvest of hay on conservation reserve acreage; to Agriculture Committee.

35. RESEARCH. H. R. 7795, by Rep. Sikes, to direct the Secretary of the Interior to establish a research program in order to determine means of improving the conservation of game and food fish in dam reservoirs; to Merchant Marine and Fisheries Committee.

H. Res. 356, by Rep. Anfuso, urging the National Science Foundation to facilitate our scientific programs by collecting information and data derived

87TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 555

CONSIDERATION OF H.R. 7677

JUNE 21, 1961.—Referred to the House Calendar and ordered to be printed

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following:

REPORT

[To accompany H. Res. 351]

The Committee on Rules, having had under consideration House Resolution 351, report the same to the House with the recommendation that the resolution do pass.

House Calendar No. 78

87TH CONGRESS
1ST SESSION

H. RES. 351

[Report No. 555]

IN THE HOUSE OF REPRESENTATIVES

JUNE 21, 1961

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

RESOLUTION

1 *Resolved,* That upon the adoption of this resolution
2 it shall be in order to move that the House resolve itself
3 into the Committee of the Whole House on the State of
4 the Union for the consideration of the bill (H.R. 7677)
5 to increase for a one-year period the public debt limit set
6 forth in section 21 of the Second Liberty Bond Act, and
7 all points of order against said bill are hereby waived. After
8 general debate, which shall be confined to the bill, and con-
9 tinue not to exceed four hours, to be equally divided and
10 controlled by the chairman and ranking minority member
11 of the Committee on Ways and Means, the bill shall be
12 considered as having been read for amendment. No amend-

1 ment shall be in order to said bill except amendments offered
2 by direction of the Committee on Ways and Means. Amend-
3 ments offered by direction of the Committee on Ways and
4 Means may be offered to the bill at the conclusion of the
5 general debate, but said amendments shall not be subject to
6 amendment. At the conclusion of the consideration of the
7 bill for amendment, the committee shall rise and report
8 the bill to the House with such amendments as may have
9 been adopted, and the previous question shall be considered
10 as ordered on the bill and amendments thereto to final pas-
11 sage without intervening motion except one motion to re-
12 commit.

House Calendar No. 78

87TH CONGRESS
1ST SESSION

H. RES. 351

[Report No. 555]

RESOLUTION

Providing for the consideration of H.R. 7677, a bill to increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

By Mr. SMITH of Virginia

JUNE 21, 1961

Referred to the House Calendar and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only should not be quoted or cited)

Issued June 27, 1961
For actions of June 26, 1961
87th-1st, No. 106

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Honeybee imports.....19
Housing.....17
Legislative program.....32
Life insurance.....13
Meat inspection.....48
Milk.....1
Personnel.....13,43
Poultry.....46
Public debt.....4,44
Reclamation.....40
Recreation.....29,45
Research.....30,45
Roads.....3,9
Saline water.....18
Seeds.....11,27
Soil bank.....22
Special milk.....1
Surplus commodities.....5
Tariffs.....6
Tax.....43
Textiles.....38
Transportation.....23
Urban affairs.....41
Veterans' loans.....14
Watersheds.....8,28
Yearbook.....11,27

HIGHLIGHTS: House passed bills to extend and increase special milk program and to permit harvesting of hay on conservation reserve acreage. House committee reported bill to continue use of surplus commodities to assist underdeveloped areas (Title II of Public Law 480). Senate committee reported (on June 23) general Government matters - Commerce appropriation bill. Sens. Hruska and Williams, Del., criticized sale of surplus corn to Publicker Industries. Sen. Humphrey urged modification of Mexican farm labor program.

HOUSE

1. SPECIAL MILK PROGRAM. Passed without amendment S. 146, to authorize use of $105,000,000 in CCC funds for the special milk program during the fiscal year 1962, which had been reported without amendment earlier in the day (H. Rept. 577). This bill will now be sent to the President. pp. 10412, 10444, 10447

2. CONSERVATION RESERVE. Passed without amendment S. 2113, to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions, which had been reported without amendment earlier in the day (H. Rept. 578). This bill will now be sent to the President. pp. 10412, 10447

3. ROADS. Both Houses agreed to the conference report on H. R. 6713, to make various amendments in the Federal-aid highway program. This bill will now be sent to the President. pp. 10365-6, 10509-11

4. PUBLIC DEBT. By a vote of 231 to 148, passed without amendment H. R. 7677, to increase the public debt limit by $13 billion for a temporary period ending June 30, 1962. pp. 10384-410

5. SURPLUS COMMODITIES. The Foreign Affairs Committee reported without amendment S. 1720 to make permanent the authority of the President for famine relief under title II of the Agricultural Trade Development and Assistance Act of 1954 (H. Rept. 579). p. 10447

6. TARIFFS. The Ways and Means Committee reported without amendment H. R. 7678, to provide for the free importation of wild animals and wild birds which are intended for exhibition in the U. S. (H. Rept. 580). p. 10447

7. APPROPRIATIONS. The Appropriations Committee reported on June 23 (when the House was not in session) H. R. 7851, the Defense appropriation bill (H. Rept. 574). p. 10447

8. WATERSHEDS. The Subcommittee on Conservation and Credit of the Agriculture Committee voted to report to the full committee H. R. 3462, to amend the Watershed Protection and Flood Prevention Act to permit certain new organizations to sponsor works of improvement thereunder. p. D504

9. ROADS. The Subcommittee on National Parks of the Interior and Insular Affairs Committee voted to report to the full committee with amendments H. R. 6067, to make a survey of a proposed national parkway from the Blue Ridge Parkway at Tennessee Ball or Beech Gap Southwest and running into Georgia. p. D505

10. BUILDINGS. Several members debated the Dallas (Tex.) Federal building project in which the USDA has requested approximately 19,310 square feet of space. Rep. Alger charged that the project "was killed in the Committee on Public Works by a straight party line vote." pp. 10417-37

11. YEARBOOK. Rep. Goodell praised the 1961 Yearbook of Agriculture, saying "It is fascinating to me, a nonexpert, and appears to make an authoritative contribution to the future of our American agriculture." pp. 10416-7

SENATE

12. GENERAL GOVERNMENT MATTERS - COMMERCE APPROPRIATION BILL, 1962. The Appropriations Committee reported (on June 23, during adjournment of the Senate) with amendments this bill, H. R. 7577 (S. Rept. 442). p. 10449

13. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee voted to report (on June 23) to the full committee with amendments S. 1070, to provide additional group life insurance for Federal employees. p. D502

14. VETERANS LOANS. Passed with an amendment H. R. 5723, to extend the veterans' guaranteed and direct home loan program and to provide additional funds for the veterans direct loan program. pp. 10531-2

15. SURPLUS CORN. Sens. Hruska and Williams, Del., criticized the contract for the sale by this Department of surplus corn to the Publicker Chemical Corp. Sen. Hruska questioned the authority of the Department to sell the corn to the company and stated that he intended to pursue the matter further. Sen. Williams stated that he had asked the Secretary for "a complete record of all the shipments involved in this sale of 14 million bushels of corn, showing the

872 (31 Stat. 1332; D.C. Code, sec. 22-2001) of said Act:

"SEC. 872-A. Whoever, in the District of Columbia, shall engage in the business of making, editing, showing or exhibiting any type of obscene, lewd, lascivious, and indecent motion pictures, other pictures, objects or recordings, shall be fined not more than $500, or imprisoned not more than one year, or both."

(Mr. MOSS (at the request of Mr. COHELAN) was given permission to extend his remarks at this point in the RECORD.)

Mr. MOSS. Mr. Speaker, I am opposed to H.R. 4670 because it would impose censorship of the worst possible sort. The bill is utterly ambiguous and totally without bounds. Its enforcement would rest on the unrestrained vagaries and whims of individual policemen, and the punishments sanctioned by this bill are grossly disproportionate to the offense.

The bill is intended to strike at disreputable purveyors of pornography. But it is drafted so broadly that it actually strikes at all forms of literature, newspapers, magazines, booksellers, and writers.

H.R. 4670 would make it criminal for anyone to engage in the business of editing, publishing, or disseminating any newspaper, pamphlet, magazine, or any printed paper devoted mainly to the publication of scandals, whoring, lechery, assignations, intrigues between men and women, and immoral conduct of persons.

Here is a catalog of riddles. What would be covered by the word "scandals"? Suppose a newspaper devoted most of an issue to reporting on the padding of expense accounts by employees of a Federal agency? Would such publication of scandals be a criminal offense under the statute?

Most newspapers contain a great deal of reporting about "intrigues between men and women." Meetings of the local PTA—indeed, much of the life in the city of Washington—concern intrigue between men and women. Would such newspapers violate the law?

The word "assignation" means merely "meetings." Sometimes, it means meetings of lovers. Is it to be criminal for lovers to meet?

There is not a newspaper in this country which does not, in almost every issue, deal with immoral conduct of persons. The Bible, many of Shakespeare's plays, numerous works of literature, almost all dramatic and theater plays, deal with material that could be considered, by some bluenoses, to be scandals, intrigues between men and women, or immoral conduct of persons.

I am against obscenity, lewdness and lasciviousness. There is ample law in the District of Columbia Code, section 22-2001, to reach pornography. But the words in the bill have no fixed legal meaning.

This bill is so uterly vague as to what it covers that it violates the elementary requirements of due process of law, as well as the guarantees of freedom of speech under the First Amendment to the Constitution. The Supreme Court's decision in *Winters* v. *New York* (333 U.S. 507, (1948)) shows that a law which fails to give fair notice of what acts will be punished and which prohibits expressions that are protected by the constitutional guarantee of freedom of speech and press, would surely be invalidated by the courts.

The vice of vagueness that is present in this bill would necessarily result in law enforcement based solely on the private views of morality held by the police and the prosecutor.

The vague language of this bill could be applied to tabloid newspapers, screen magazines, society pages with their traditional gossip, confession magazines, publications of atheists, and other groups holding diverse views in our society.

It could become the vehicle for oppression of religious groups such as Jehovah's Witnesses, of bookstores selling pocket books or screen magazines, of small-circulation newspapers specializing in exposing low moral standards or police corruption, of magazines reporting the doings of fringe groups, of nightclubs providing risque entertainment, of movie houses showing foreign films of greater frankness than the ordinary Hollywood cowboy film, and of legitimate theaters presenting a play of Tennessee Williams.

Equally serious are the drastic penalties of confiscation and forfeiture which this bill would authorize. The provisions concerning confiscation and forfeiture are not limited to the particular offending materials, but provide that all moneys, vehicles, furnishings, fixtures, equipment, stock and other things of value used or to be used in violating subsection (a) or (b) shall be subject to seizure by any policeman or deputy marshal in the District of Columbia.

Thus, a storekeeper or owner of a department store which may sell a magazine containing a story of extramarital love may be subjected not only to criminal prosecution but also face the seizure of everything in his store, since every fixture or other thing of value in a retail store might be considered to be used or available to be used to further sales of a magazine. No matter how remote the use, the bill would authorize seizure and forfeiture. Moreover, the bill seems to provide that in any judicial proceedings concerning such seizure, the burden of proof would be placed on the defendant, since the bill provides for forfeiture unless good cause be shown to the contrary.

In addition, the bill specifies that the physical premises are declared a nuisance whose use may be enjoined for a full year. The bill applies even where the owner is not the actual purveyor of the offending magazine or publication. Suppose a landlord knows that his tenant is selling Playboy magazine. How can he protect himself if he is afraid of these drastic results? If he evicts his tenant, but a judge should later find that the magazine is not covered by the statute, the landlord would be liable for damages for wrongful eviction or interference with his tenant's business.

The net effect of this bill is that it would intimidate the lawful as well as the lawbreaker. It would create confusion and fear. It would exercise a power censorship on the freedom to speak and to publish.

Under this bill, a newspaper would face confiscation of its presses because in one issue it had printed a large number of articles on sex, crimes, or religious heresies. A department store could lose its delivery truck fleet, all its fixtures, and even be closed for an entire year because its music department sold an offcolor record. A newsstand could be closed down because it sold a copy of a Readers' Digest condensation of a new Kinsey Report. A man could lose his automobile and go to jail because he delivered a copy of the New York Daily News to a friend. All of these consequences are possible under the language of H.R. 4670.

A bill that is so poorly drafted and so full of unconstitutional censorship potentialities should not be enacted. Private notions of morality should not become the basis of punishment and forfeitures. Law enforcement should not be based on loose and vague language that contains no fixed legal meaning. I hope that this bill will not become law.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. DOWDY. Mr. Speaker, the purpose of this bill is to amend the law relating to indecent publications in the District of Columbia—31 Statute 1332; section 22-2201, D.C. Code, 1951 edition.

The first provision of H.R. 4670 is that persons engaged in the editing, publishing, or dissemination of obscene literature, or persons participating in any way in the sale or giving away of such literature, or persons engaged in the showing of lewd and lascivious pictures, objects, or recordings of any type, shall be fined not more than $500 of imprisoned not more than 1 year, or both.

This bill also authorizes forfeiture to the District of Columbia of property used in connection with a violation of law relating to indecent publications. The procedure prescribed for forfeiting such property contemplates a libel action being brought in the municipal court for the District of Columbia by the Corporation Counsel or any of his assistants. Unless good cause be shown to the contrary, the property is forfeited to the District, and may be made available for the use of any agency of the District government or otherwise disposed of as the Commissioners may, by order or regulation, provide; except that all property of a lewd, obscene, lascivious, or indecent nature shall, upon order of the court, be destroyed. Provision is made for the sale at public auction of property which is not of a lewd, obscene, lascivious, or indecent nature whenever there are bona fide liens against such property, and for the transfer of such liens to the proceeds of the sale.

The proceeds of the sale are available for the payment of bona fide liens and expenses incident to the sale, and the remainder of the proceeds shall be deposited in the U.S. Treasury to the credit of the District of Columbia.

This bill provides also that any house, building, vessel, garage, shed or other premises to which the public commonly resort or congregate for business or pleasure, and which is used for the purpose of violating the law relating to indecent publications is declared to be a common nuisance, and as such may be enjoined. Further, any person who knowingly has any part in maintaining such a place is guilty of maintaining a nuisance. In this connection, it is specified further that evidence that any of said prohibited acts are frequently committed in any such place shall be prima facie proof that the person having custody or control knowingly permitted the same. In the case of a violation of any such injunction, proceedings for punishment for contempt may be commenced by the Corporation Counsel or any of his assistants by filing a petition with the court in the same case in which the injunction was issued. Any person found guilty shall be punished by a fine of not more than $1,000 or by imprisonment for not more than 12 months, or both.

The final section of H.R. 4670 assures that the intent of Reorganization Plan No. 5 of 1952—66 Statute 824—will be made applicable to this proposed amendment to existing law.

Mr. BROYHILL. Mr. Speaker, this bill seeks to amend the law relating to indecent publications in the District of Columbia.

The bill provides for a fine of not more than $500 or imprisonment of not more than 1 year, or both, for persons who engage in the editing, publishing, or distribution of obscene literature, or persons participating in the sale or giving away of such literature, or persons who engage in the showing of lewd and lascivious pictures, objects, or recordings of any type.

Further, H.R. 4670 authorizes the forfeiture to the District of Columbia of property used in connection with a violation of the law relating to indecent publications. The procedure would involve a libel action brought against the property by the Corporation Counsel. Upon being forfeited to the District, the property could then be used by any agency of the District of Columbia government or otherwise disposed of as the Commissioners, by order or regulation, may provide. It is specified also that all property of a lewd, obscene, lascivious, or indecent nature shall be destroyed upon order of the court.

There is a further provision that any building or other premises to which the public commonly congregate for business or for pleasure, and which is used for the purpose of violation of the law relating to indecent publications, will be declared a common nuisance and as such may be enjoined.

Upon final order of the court ordering such nuisance to be abated, the court may order the defendant not to occupy the premises for a period of 1 year; however, in its discretion the court may permit the defendant to occupy the premises upon the giving of bond in the sum of not less than $1,000 nor more than $5,000, payable to the District of Columbia, conditioned that the acts prohibited by this law not be done or permitted to be done on the premises. Violation would cause the entire sum to be recovered by the District.

It is provided that any monetary proceeds under this act shall be deposited in the Treasury of the United States to the credit of the District of Columbia.

I am very strongly in favor of any legislation which will provide more effective measures against the purveyors of lewd and indecent materials which have such a degrading effect on the moral fiber of the juveniles of our country and which will militate against this insidious traffic. I am convinced that H.R. 4670 will very materially aid in this most important fight, and I urge its enactment.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT UNDER SECOND LIBERTY BOND ACT

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, and on behalf of the gentleman from Virginia [Mr. SMITH], I call up House Resolution 351 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7677) to increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN].

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 97]

Addabbo	Frelinghuysen	Osmers
Alford	Gallagher	Passman
Anfuso	Glenn	Philbin
Ashley	Granahan	Pilcher
Ayres	Grant	Pirnie
Bass, N.H.	Gray	Powell
Battin	Green, Oreg.	Rabaut
Bennett, Mich.	Hall	Reifel
Blatnik	Halpern	Rivers, S.C.
Blitch	Harrison, Wyo.	Roberts
Bow	Hébert	Rogers, Colo.
Brademas	Holifield	Rousselot
Brooks, La.	Hosmer	St. Germain
Cannon	Ikard, Tex.	Santangelo
Celler	Inouye	Shelley
Coad	Karth	Smith, Miss.
Colmer	Kearns	Springer
Cramer	Keogh	Staggers
Davis, James C.	Lindsay	Stratton
	McVey	Teague, Tex.
Davis, Tenn.	Macdonald	Thompson, La.
Donohue	Miller, Clem	Tupper
Farbsteln	Miller, George P.	Van Pelt
Feighan	Morrison	Vinson
Fenton	Moulder	Whalley
Fino	Multer	Willis
Flynt	O'Neill	Young
Fogarty		

The SPEAKER. On this rollcall, 356 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT UNDER SECOND LIBERTY BOND ACT

The SPEAKER. The gentleman from Virginia is recognized.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, by direction of the Committee on Rules, I present to you this morning House Resolution 351, the purpose of which is to make in order the bill H.R. 7677; and that bill, again, in view of the extravagances of the Congress, raises the debt limit, this time by $13 billion—from $285 billion to $298 billion.

I want to make a few remarks on the subject, futile as they are. I would hope that I might interest you in these figures. This bill is something you have got to pass; you have spent the money you have appropriated, you have gone through the back door with lots of it, and now the bills are going to be presented and you have got to pay them.

The history of our debt limit in the last few years—and I have had to bring similar bills out at various times and you have had to pass them. That was all you could do, because you spent the money, but that does not seem to give anybody pause. The recent history of this debt limit—and remember this is peacetime—is that it got up to $300 billion during World War II. After the Second World War it dropped back to $275 billion then it went up to $281 billion, and in 1957 it dropped back to the $275 billion. And do you know what Congress has done with it since then? From that time, including this increase it has gone up every year; every year you have had to have a bill in here to increase the debt limit because Congress was spending more money than we were collecting. Last year it went up permanently by $10 billion to $285 billion, and also temporarily by $8 billion to $293

billion. Well, of course, that $8 billion was temporary, just a little method of sugar coating it, because everybody knew it was going to be permanent. This year it goes up $5 billion more, and this bill calls for a total increase of $13 billion because of the fact that the last year's $8 billion temporary increase was not repaid.

What I want to suggest to you is that the time is almost here to quit shadow-boxing with temporary increases in the debt limit. The January budget has been increased by the present budget, and it has been increased three times—on March 24, March 28, and May 25.

Under permission, I include a table by agencies showing the increases, the first table reflecting the two March revisions and the second one the May 25 revisions:

CHANGES IN 1961 AND 1962 BUDGETS, MARCH 24 AND 28, 1961

New obligational authority by major agency

[Fiscal years. In millions]

Agency	1961		1962	
	January estimate	Current revision	January estimate	Current revision
Legislative branch and the judiciary	$176	$176	$180	$184
Executive Office of the President	72	72	116	116
Funds appropriated to the President:				
Mutual security—Economic and contingencies	2,131	2,131	2,200	2,400
Other	507	607	13	13
Independent offices:				
Atomic Energy Commission	2,781	2,781	2,598	2,628
Federal Aviation Agency	690	690	686	745
National Aeronautics and Space Administration	965	965	1,110	1,236
Veterans' Administration	5,577	5,577	5,101	5,141
Other	756	780	755	832
General Services Administration	520	521	556	558
Housing and Home Finance Agency	1,119	1,819	948	1,368
Department of Agriculture	5,361	8,330	5,509	6,169
Department of Commerce	549	549	612	677
Department of Defense—Military:				
Military functions	41,308	41,371	41,840	43,794
Military assistance	1,800	1,800	1,800	1,600
Department of Defense—Civil	978	978	972	994
Department of Health, Education, and Welfare	3,909	3,940	4,026	5,505
Department of the Interior	837	838	888	940
Department of Justice	297	297	297	299
Department of Labor	525	1,566	264	289
Post Office Department	728	876	63	63
Department of State	268	268	351	363
Treasury Department:				
Interest	8,993	8,993	8,593	8,693
Other	992	993	1,126	1,156
District of Columbia	79	73	63	63
Allowance for contingencies	150	150	200	200
Total	82,068	87,141	80,867	86,026

NOTE.—Detail may not add to totals because of rounding.

Changes in the fiscal 1962 budget, May 25, 1961

[In millions]

	New obligational authority
March 28, 1961—Budget estimate	$86,026
Changes proposed:	
Department of Commerce: Meteorological satellite	53
Department of Defense:	
Military functions:	
Space	77
Army	100
Marine Corps	60
Military assistance	285
Mutual Security—Economic and contingencies: Presidential contingency fund	250
Department of Labor: Training, retraining and increased worker mobility	75
National Aeronautics and Space Administration: Space	549
Small Business Administration: Loan program increase	130
U.S. Information Agency: Program expansion	2
Total, including changes proposed in President's message of May 25, 1961	[1] 87,607
Net increase	1,581

[1] Excludes amount for expansion of civil defense program.

For the fiscal year 1961 there has been an increase asked over the January budget of $5,073 million; for fiscal 1962, first an increase asked for $5,159 million. There, in the Presidential Message of May 25, it is found that that was insufficient, and a further increase of $1,581 million for 1962 was requested. That totals up to $11,813 million, a good sized bite out of your $13 billion you are increasing the debt limit today.

There is, so far, an overall increase of at least $12,854 million that we can nail down. That comes about in two ways. One is the increase asked in the budget of $11,813 million. That is on the spending side. On the receiving side the President asked for an increase in postal rates to take care of the postal deficit of $741 million. A couple of days ago when the Committee on Post Office and Civil Service met, that bill was considered. Did they give the President the money he asked for? No. By one vote, I am told, they turned down that $741 million that is so desperately needed. That adds another $741 million to the budget increase I have spoken about.

Then within the past month this House passed the Keogh bill which involved a reduction of receipts in the Internal Revenue Department. This half year it will not take up the full amount, but annually thereafter it is estimated there will be a loss of $300 million a year in the long run.

Add the $11,813 million to the $741 million loss to the budget by the postal deficit and the $300 million and you have $12,854 million.

You are increasing your debt limit $13 billion today. You can start out with an offset of $12,854 million if the present bill is passed.

I mentioned this in the discussion of a rule on the Housing bill. I referred to some of these figures and I undertook to inform the House what sort of financial situation you were getting into and hoped that bill could be cut down or not passed at all for the time being. But no, it went whizzing through. There was not a vote changed in view of the situation. It never changed a vote in this House.

There are a lot of people in this House who are worried about the approaching bankruptcy of this Nation. They are really worried. They know these bills are due, they know they have to be paid, yet they say to me, "If we keep on increasing the debt limit every time they want to spend some more money, we increase the debt limit when we do not have the money to pay it." They say, "I am going to vote against the increase in the debt limit because I think the sooner we bring this thing to a head and do not have the money in the bank to pay the checks, that is the only way it is going to wake up this House."

I remember having a conversation away back yonder. Somehow or other I am a fellow who never had much money and big figures always worried me. I have been somewhat reluctant about appropriations. We had one of these new bills away back yonder in the 1930's. It was to be renewed and extended. I spoke to Senator Glass about it. You remember Senator Glass, who used to be Secretary of the Treasury. I said:

> Senator, you are not going to vote for this, are you?

Do you know what he said to me?

> Yes, Smith, we are going to ——— just as fast as we can, and the sooner we get there the sooner we can turn around and come back.

That has been nearly 30 years ago, but I have not seen a sign of turning around or coming back either, and I do not see any today.

Now, Mr. Speaker, I ask unanimous consent to include certain statistics in connection with my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Illinois.

Mr. MASON. If a Member of this House has voted against all increases in the debt limit, as I have, and also voted against many, if not most, of these wild, extravagant spending bills that have been brought before the House in the last 20 years, then would that Member be justified in voting against this in-

crease in the debt limit as a protest vote against this wild spending that not only the administration but the Congress has been engaged in in the last 20 years?

Mr. SMITH of Virginia. Now, the distinguished gentleman from Illinois does not want any advice from me, I know, because if there is anybody in this House that is independent and votes what he thinks, it is the gentleman from Illinois.

Mr. GARY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Virginia.

Mr. GARY. I want to commend my distinguished colleagues for the remarks that he has made. I think we are facing a very serious situation.

Mr. SMITH of Virginia. I thank my friend for his commendation.

Now I want to talk about another subject that he is very much interested in, which is back-door spending, and I am just coming to that. Of course, we have had a lot of conversation around here about back-door spending. Some Members take offense at the words "back door," so out of deference to them maybe I should use the term "Treasury financing." They both mean the same thing, and it means that they get money out of the Treasury of the United States without ever coming to the Committee on Appropriations for it, and without us having an opportunity to consider an appropriation bill. I want to speak a few minutes on that, because I have been trying for several years to get a resolution out of the Committee on Rules to change the rules of the House so as to bring us back into the constitutional way to appropriate the taxpayers' money of this country. Other Members have taken it up this year. And, I was very hopeful about it this year, because the Committee on Rules early in this session was revised and extended, as we say, and it was done on the theory that the old Committee on Rules would not bring certain bills to the floor of the House. The theory of democratic government was that the Members were brave enough to vote their sentiments and convictions. They all wanted the bills to come to the House and they all wanted an opportunity to cast their votes openly so that their constituents would know how they voted. So, I thought we would come out with a bill to stop the back-door spending, and I was encouraged when one-third of the Members of this House signed a petition to the Committee on Rules asking them to bring that bill down to the floor and let the House vote upon it. Well, I was disappointed. The same old rule applied, and a majority of the committee voted against giving the House an opportunity to vote on back-door spending.

Let us take a minute on the history of that, to show you to what extent it has gone. It started away back in 1932 in a small way.

Up to this time, do you have any idea how much money has gone out of the Treasury without first having come to the Committee on Appropriations of this House? I shall tell you—and these figures are accurate. They come from the Treasury. The figure is $121,218,819,000 that you never even got a taste of or a smell of or a chance to vote on through an appropriation bill. Since that time $16,281,606,000 has been charged off as a loss. That would buy a lot of peanuts. That is $16 billion that has been lost already. Some of it has been paid back and there is now outstanding of that type, $34,866,503,000. How much of that are we going to get back I do not know. Usually I say in that kind of transaction, when you get down to the point where most of it has been paid off, you might as well charge off the rest of it.

What are you going to do this year about back-door spending? It is getting to be a very popular pastime, particularly in the other body. As you know, appropriations under our rules initiate in this body. But that is a way to get them initiated in the other body, through back-door spending; and a great many bills are coming over with that type of financing.

Here is what we have done this year under what are termed politely "Treasury transactions." That is where you pass an authorization bill authorizing somebody to go down to the Treasury, give them a note, and get all the money he wants. It never comes to the Committee on Appropriations. A number of us have been trying to get something done about it, but the House will not do anything about it.

Let us consider the depressed areas bill. I am now talking about this year, the first 4 or 5 months of the 87th Congress. I do not know what you are going to do from now on out. If you do as you did on that tremendous housing bill, nobody can predict what you are finally going to do. For depressed areas, through Treasury transactions, the figure is $300 million. On top of that little gift is the use of the receipts that are returned. In other words, it is a revolving fund, so you never get any of the $300 million back. If any of it is paid back, then they give it to somebody else.

Then there are the direct veterans' loans. That figure is $1,050 million. That passed the House.

Then the housing bill, which passed the House last week. FNMA mortgage purchases, $1,550 million. College housing: We have three or four other bills here concerning colleges. I am sure you have heard something about them. This is another one. College housing loans, $1.2 billion.

Community facilities: We just passed a community facilities bill the other week, raising the amount from $50 million to $100 million. And do you know what the housing bill did last week? It added another $500 million to it, through the back door—half a billion dollars.

Then there is farm housing, $407 million. That comes to $3,657 million of Treasury transactions up to now, the first part of the session.

Then we have foreign aid bills that are pending. For development loans, whatever they are—it looks as though we are developing the world, and I do not know how much luck we are having at it—$7,300 million. That is for development loans, and your Treasury would be obligated to pick up the check for $7.3 billion if that goes through.

These are debt transactions only; these do not include appropriations authorized. And they do not include contract authorities in these bills. These are our public debt back-door spending transactions in the first 5 months of this session of Congress. The total of these bills is $12,307 million.

Then there are the REA and the farmers home loans—$629,900,000—adopted by the House some weeks ago in the appropriation bill. That makes a total of $12,936,900,000 to go out the back door. And if somebody will take his pencil right quick, he will find that there is only $63,100,000 left of your $13 billion debt increase.

We may well be coming back here with another bill just like this before the session is out, asking for another increase. When are you going to stop shadow boxing and get down to business?

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Iowa.

Mr. GROSS. Is it not true that there is almost $24 billions of back-door spending authority enacted by the House up to this point or proposed? Is that not right?

Mr. SMITH of Virginia. These basic figures I got out of the budget. When you get up to half a billion it is out of my field.

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Washington.

Mr. PELLY. The distinguished gentleman from Virginia mentioned there are about $24 billions of public debt transactions outstanding at this moment and borrowed from the Treasury, but he did not mention the authority for these agencies right now, any time they want to, to go and get $25 billion. Certainly, if they do that, we will have to raise the debt ceiling very much more than this. It is right in the budget.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. TABER. Is not this about the situation the United States is facing: Unless we turn this down and bring the thing up sharp we are going to find ourselves in a situation where we will have to stop this spending and do it very soon. For that reason, I cannot vote for the bill.

Mr. BROWN. Mr. Speaker, I yield myself 15 minutes.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, once more it is my responsibility, and of course my duty, to draw your attention to the fact that we have before us a rule which provides there shall be no amendments offered or considered to this bill, except at the direction of the committee itself. This is another closed or gag rule, despite the pledges

which were made earlier in the session that it was necessary and advisable and wise to pack the Rules Committee in order the House of Representatives might have the opportunity to work its will.

Of course, under this gag rule, which provides 4 hours of general debate, the only opportunity to amend, outside of committee action itself, and the committee already has acted, is through a motion to recommit. I realize that in all probability this rule will be adopted and that this bill will probably be passed.

I am more concerned over this piece of legislation than any that I have had to bring to the House from our side of the aisle for a long time.

I am not unmindful of the fact, as most of you are, that Communist Russia, through Premier Khrushchev, has virtually served an ultimatum on the United States, the NATO nations, and the entire free world as to their determination to take over West Berlin. There are those among us and in high places elsewhere who are warning us that this ultimatum may mean, and probably will mean—we all pray to God that it does not—the beginning of world war III before the present year is up, as has been pointed out before on the floor of the House.

Yet I am not unmindful of the fact that those who were the originators of communism and have taught it from the very beginning, Marx, Engels, and Lenin, consistently preached that the way to destroy a free country, or a free people, is to get it or them, to spend their way into bankruptcy. Through the past few years this Republic has been making great progress toward that end.

Certainly in our present fiscal condition, with our great, huge national debt hanging over us, far more debt than all the other nations and all the other governments in the world combined now owe, there is a grave question as to whether this country can finance another war. In order to do so it would certainly be necessary to impose upon the American people dictatorial controls never known before; and that it might be necessary, in a war of survival, to surrender all of our liberties and freedom, because of the foolish policies we have been following in the past, and are following today.

I listened with much attention to the gentleman from Virginia [Mr. SMITH] when he spoke of the responsibility of the Congress and of the House of Representatives, especially, of course, to approve this legislation in order to pay for that which had been done. I am in a great quandary, in my own mind, as to whether that is a logical, sound and good argument, or whether, perhaps, the time has come when we should call a halt on the continuous extending of our national debt limit. I realize and appreciate one thing, and I believe my people know it, that so far as I am concerned, and so far as most of the Members on my side of the aisle are concerned, we have continuously voted against the wasteful and extravagant spending that has created this huge debt, that has caused us, year after year, to come in here and vote an increase in the national debt limit so that once more we could go out and borrow the money to meet the obligations of government—money which must be repaid, if it is ever to be repaid, by our children and our children's children and, yes, by children yet unborn.

During the past 30 years this Government of ours operated in the black only 24 years, for we have lived on borrowed money, to a lesser or greater extent, during that time. Only in 6 years did we have a balanced budget, or did we live within our national income. I watched with a great deal of interest, and participated to some extent, this past week when we considered the last bill before the House, outside of the minor ones which came up this morning, to spend anywhere from $5 billion to $9.2 billion on the most fantastic so-called housing bill ever conceived by the mind of man, or ever introduced or considered in any legislative body in all history anywhere in the world. I voted against that bill as did a great many Members of the House of Representatives. So I am not so sure I have any responsibility to vote to continue to borrow money to pay for this and other foolish and asinine—and let me use the word "stupid," spending bills and programs which have been put into effect by this administration, and by past administrations, by this Congress and by past Congresses, over my opposition thereto.

Somehow or other, some time we are going to have to call a halt on this wild spending, and the only way I know that you can stop some people from being spendthrifts is not to permit them to have any money to spend.

Mrs. ST. GEORGE. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentlewoman from New York.

Mrs. ST. GEORGE. Does not the gentleman also agree that in the last bill the gentleman mentioned 97 percent of the $9 billion that is going to be spent will be back door spending? And does not the gentleman also think that in view of the fact that we come back here year after year, and the gentleman from Virginia has pointed that out very clearly to us, that maybe it would be better for us to take off the limit and have no restraint on our actions?

Mr. BROWN. We could, of course, do that; and perhaps by doing so we could serve notive on the American people that the sky is the limit, and that they could expect spending to go on until we finally descended into financial bankruptcy.

On the other hand, what is our fiscal responsibility, let me ask the gentlewoman from New York? Is it to continue to furnish the power and means to borrow more and more money so more and more spending can take place? Or is it our fiscal responsibility to stop this wasteful deficit spending any way we can? That is the question which concerns me in connection with this bill.

Mrs. ST. GEORGE. If the gentleman will yield further, if the American people could hear and read the words that have been spoken here I believe they would have to admit that something has got to be done before we go completely down the road to ruin.

Mr. BROWN. I would like to read, if I may, one paragraph from the official report on this bill. It reads as follows:

> Of the total cost of $6.7 billion in new obligation authority proposed during the course of 5 months by the Kennedy administration over and above the $80.9 billion recommended in the January budget, 34 percent, or $2.3 billion, is for major national security items; and 66 percent, or $4.4 billion, is for other purposes and functions of the Federal Government.

What does that say? And what does it plainly mean? That we cannot give, as an excuse, that spending we are doing, and the increase in the national debt which is proposed, is for national defense purposes, because we are spending practically twice as much for nondefense purposes, above the budget in new increased authorizations, in new spending programs, if you please, than we are devoting to our national defense; and, yet, we are told that the clouds of war are growing darker and darker over Europe and over the free world.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. BROWN. I yield to the gentleman from North Carolina.

Mr. JONAS. The gentleman remembers we had an appropriation bill on the floor about 10 days ago from the Independent Offices Subcommittee of the Appropriations Committee. The funds in that bill covered 23 civilian agencies of government, and the budget called for an increase in personnel, an increase in jobs of more than 10,000 for 23 civilian agencies.

Mr. BROWN. That is correct; and I think if the gentleman will check he will find, if I can read the report correctly, that proposals which have already been sent to Congress, or have in many instances been approved in various appropriation bills, to increase the number of Federal employees by tens and tens of thousands, 40 or 50,000, or even more, if you please.

Mr. JONAS. That is right. I was referring only to the 23 civilian agencies.

Mr. BROWN. I agree. And I think it is time that you and I, if we feel any responsibility to the people we represent, or if we believe we have any responsibility to the children we have sired, that it is about time we stop, look, and listen.

How can we stop this continuous reckless spending? There are many among us who believe the best method may be to vote down this bill, saying to the spenders: "You cannot have more money, and if you do not have it you cannot spend it, you will be forced to practice economy."

There are others who say, "Well, you have the responsibility," as the gentleman from Virginia has said, "to pay for that which has been spent or obligated, even through those obligations and those expenditures were made over your opposition, over your vote."

"That is our responsibility," others say.

In my opinion, we have come to the time for soul searching in the Congress

of the United States, because, as the gentleman from Virginia has said, even if war should not come, before the end of this calendar year we will see the spenders back in here asking for another increase in the national debt.

I asked the question in the Rules Committee as to why, instead of increasing this permanent debt limit by $13 billion on a temporary basis for 1 year, up to $298 billion, we did not just make the limit $300 billion?

The reply was given to me, perhaps facetiously, perhaps not, that to a great many people who read the advertising pages $2.98 is always more attractive than $3. They may think they will get a little better bargain.

Those who oppose our way of life, those who would destroy us, either from without or, as they have preached in the past, from within, because of our internal weaknesses, certainly can get nothing but pleasure and enjoyment out of that which they see in the Congress of the United States today. Almost immediately after we passed the huge and costly housing bill last Thursday, the newspapers, and even the proponents of that measure frankly stated it contained sweeteners for everybody. So here we are, meeting today in the Congress of the United States, to consider an increase in the permanent debt limit on a temporary basis, we are told, but every man and woman in this body knows there will be nothing temporary about the $13 billion increase to pay for spending program like that contained in the housing bill.

Marx, Lenin, and others may be smiling and perhaps chuckling a bit, as they look up from wherever they are, over seeing a great Republican committing fiscal suicide.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. BROWN. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. HOFFMAN].

Mr. HOFFMAN of Illinois. Mr. Speaker, I would like to talk for a few moments about this subject. I believe it is probably the most important subject I will ever talk upon in this or any other Congress.

I agree with the chairman of our great Rules Committee that this misnomer of a temporary debt is just one of the things they use to fool the people of the United States.

I would like to compare our position to the situation that existed when Pandora in the tale from Greek mythology, opened the box given to her by Zeus and she released into the world all of the ills of the world. They all escaped the box except for one, and that one was Hope.

In 1913 when the Federal income tax became the law of the land, we opened the Pandora box, but the sponsors were smart enough to open it slowly so that full realization of the program was not recognized.

Apparently they did not realize that when you give a government an unlimited taxing power that government can subsidize many things, including the businesses, the people, and the subdivisions of Government all over the United States and the countries all over the world. When a government subsidizes, it wants and it gets control of whatever it subsidizes.

I was interested in reading paragraph 2 of the Communist Manifesto by Karl Marx on the destruction of capitalism. He advocated a heavy progressive and graduated income tax.

This Pandora box of taxation has slowly opened but as yet not all of the evils have escaped. Down on the bottom "Hope" is badly mangled and crushed.

This country is far removed from the country we like to think it is. Today we have come to the point where we can reach in and rescue "Hope" and let it fly to the four corners of the United States by defeating this bill to raise the statutory debt limit and by holding firm and commencing in the immediate future to reduce that debt. Then we shall bring hope to the American people.

The other day I was interested in trying to determine in my own mind what a billion dollars was. So, I took this $9 billion plus that we pay out in interest every year, and I measured a bill. I found it measured 6 1/16-inches long by 2 11/16-inches wide, and I figured that if we totaled that $9 billion that we owed on our national debt and if we laid these dollar bills end to end and side by side, it would establish a pathway 7½ feet wide around the world. Think of that. That is the interest we pay.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Illinois. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, there is no man in the House of Representatives that has a finer record for economy in government than the gentleman from Illinois [Mr. HOFFMAN]. As you know, he is a former State Treasurer of that great State, and he is one man who I think we should all pay a lot of attention to when he comes to the well of the House and talks on economy. You know, this particular legislation that we have up today is a demagogic paradise. There are those who say "I voted against increasing the debt limit" and they vote for every big spending bill that comes along. And, I might say for the gentleman who is present in the well, the gentleman from Illinois [Mr. HOFFMAN], that he has consistently voted against these wild, radical spending bills and has voted for strict constitutional requirements and economy in government.

Mr. HOFFMAN of Illinois. I thank the gentleman from Ohio.

It is my belief that the defeat of this bill will serve notice on the "spenders" that Congress has finally reached a point at which we will give back to the subdivisions of the Government—the States, counties, and cities—their freedom and the God-given right to proceed on their own initiative. By reaching this point we will start to restore to the people the right to advance under their own power.

It is a right that all Americans are guaranteed by the Constitution of the United States—the right of advancing to the goals they seek by the sweat of their brows and by their own handiwork.

This right cannot be obtained by strangling governmental controls and catering to their weaknesses by running to the Government for help at each and every opportunity.

Let us give everyone freedom of opportunity by defeating this bill.

Mr. BROWN. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, it was a week ago we listened to two talks, very factual, very eloquent, very persuasive; one by the gentleman from Virginia [Mr. SMITH] and one by our colleague from Ohio [Mr. BROWN], pointing to the danger which threatened us. Today we just heard similar warnings. My colleague, the gentleman from Illinois [Mr. MASON], who always knows what is going on, a capable member of the Ways and Means Committee—nodding his head in agreement—the other day the two gentlemen frightened us. Some Members have trouble sleeping nights since that day last week.

But it all boils down to thin vapor. We do not do anything to avoid or meet the danger, from time to time to raise the debt limit and let the executive departments spend more. I wish those two gentlemen or some Member would tell me how some of us can do something other than voting against these appropriation bills, as some have continued to vote. We have voted against the authorizations, but when you gentlemen talk on the floor this way, and then outvote us, what can we do to prevent excessive spending? Will you please tell us? I am anxious to do something effective. After 20 years of voting "no" on wasteful appropriations, and with the debt limit constantly going up, am I just a mental case or is a majority of the House to admit it is a little off mentally?

Mr. SMITH of Virginia. Mr. Speaker, I yield the balance of the time to the gentleman from Missouri, the distinguished chairman of the Appropriations Committee [Mr. CANNON].

Mr. CANNON. Mr. Speaker, this is a notable day. Today for the first time since Congress convened last January we have heard the public debt referred to here on the floor. Apparently, public debt is a bad word. It does not seem to be respectable. It is not used in good society here on this floor. We go our way constantly increasing the debt. Every day we rate it higher, but we do not talk about it. It is not mentioned on the floor. Nothing is ever said about how much it is—or about paying it—or about its demoralizing effect on the national economy.

The most alarming thing about the public debt is that nobody is alarmed about it—although it is affecting the standard of living of every family in America.

But if you go to your banker to borrow money the first thing he asks is "How much do you owe? How much paper do you have out?" The next thing he asks is "When did you make a payment on it?" "When did you reduce your indebtedness?"

Never in the peacetime history of any country in the history of the world has any nation owed as much money as we owe today, and never in the history of any nation in which the debt was not repudiated have we failed to reduce it, failed to pay something on account, failed to make any arrangement under which we would make periodic payments on the public debt.

We owe so much today, Mr. Speaker, that the interest on it, the bare interest on the national debt, is more than the entire budget was just a few years ago. Now we go constantly deeper in debt with no debate on the floor of any plan or effort to pay it.

But do not think that we are getting away with it. Do not think that we are not going to have to pay for it through the nose. And do not think that the country is not going to have to pay for it in a very unpleasant way.

They tell us down in the departments that never before have there been so many men who have retired but who are coming back wanting to get on the rolls again, because their retirement annuities have been so depreciated in buying power that they do not have enough money on which to live. Of course, deficit spending—spending money we do not have for things we can get along without—lowers the buying power of the dollar.

And it has dropped so low today that men cannot live on the annuities which Congress provided for them when they retired.

What kind of a Congress is this—promising our constituents a contented care-free old age—and then jerking the rug out from under them.

It is even worse than that. Congress arranged for employer and employees to contribute jointly their dollars worth 100 cents to the dollar to a wonderful social security program—and then as a reward for all their frugality and self-denial—paying them off with 20 cent dollars.

We may think we are making a lot of votes passing all these deficit-spending bills to be paid by their children and grandchildren. But just wait until their social security annuities come due and they find how shamelessly they have been short-changed. And then who will get the votes?

So what are we going to remedy in this bill? The law which it proposes to annul is the law which flashes the danger signal when the national economy is threatened—like the thermometer in a nitroglycerin factory. In this bill we propose to save the factory by throwing away the thermometer.

It is time to be sensible. Anybody knows that if he owed as much in proportion as this country owes your bankers would sell you out tomorrow.

Mr. JONAS. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from North Carolina.

Mr. JONAS. Does the gentleman realize, and has he ever figured this out, and I assume he has, when reference is made to the amount of interest, if we do not cut out this spending and if we keep on increasing the debt we will in 30 years have paid out in interest an amount equal to the amount of the debt and still owe every dollar of the principal. Does that make sense to the gentleman?

Mr. CANNON. And the astonishing thing is that in time of peace and easy money the United States has this year had to pay as high as 5 percent to get money to run the Government. Congress has battered the dollar around pretty badly to bring it to that.

It is time to vote for a sound dollar—and retirement and social security annuities that will buy as much when they are paid as the dollars they put in.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7677, with Mr. JENNINGS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arkansas [Mr. MILLS] will be recognized for 2 hours, and the gentleman from Illinois [Mr. MASON] will be recognized for 2 hours.

The Chair recognizes the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the Committee on Ways and Means reported the bill, H.R. 7677, to the House after having heard the Secretary of the Treasury and the Director of the Bureau of the Budget in hearings which have been published and are available to the membership of the House.

The bill itself, Mr. Chairman, is not difficult to understand. The bill provides that in addition to the permanent debt which may be created by the issuance of bonds under the Second Liberty Loan Act, the Secretary of the Treasury may issue net to exceed $13 billion additional in debt for the period the next fiscal year, that is, the period beginning July 1 next.

Mr. Chairman, the House has done this on a number of occasions. The first time the House passed legislation involving a temporary debt ceiling was in connection with the approval of a conference report in the year 1954. It will be recalled that Secretary Humphrey and the administration at that time in 1953 called our attention to the fact that it would be impossible to live within the debt ceiling of that time and recommended an increase in the permanent debt ceiling by $15 billion making the ceiling $290 billion.

Mr. Chairman, it will be recalled that when that matter was on the floor of the House, I offered a motion to recommit to change the permanent addition to the debt of $15 billion to a temporary debt increase of that amount. The House saw fit to vote down my motion to recommit. Mr. Chairman, the measure went to the other body, and the other body decided in its wisdom that it would not be necessary to have a debt increase of $15 billion in that year and converted the increase to a temporary increase and reduced it from $15 billion to $6 billion of temporary increase. The conferees on the part of the House agreed to it in conference and the conference report was adopted by the House.

Since that time, we have been engaging in this practice of increasing the size of the debt on a temporary basis periodically. I have discussed what happened in 1954. Now let me go to 1955.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. I think you should call attention to the fact that it was in 1953, July, that the House passed this bill and that it was more than a year later before the other body took action on that bill.

Mr. MILLS. The House passed it in 1953 and the Senate finally did act on it in 1954. That is true.

In 1955 the House and the Senate continued that temporary increase of $6 billion. In 1956 provision was made for another temporary increase. In February 1958 there was another temporary increase enacted by the Congress. In September 1958 a second increase was voted. You will recall that the country was in a downturn that year, and we had a rather staggering deficit to face during the fiscal year. We increased the permanent debt ceiling to $283 billion in September of 1958, and provided for $5 billion additional temporary debt at that time.

In 1959, at the request of the administration then in power, we again increased the permanent debt ceiling from $283 billion to $285 billion, and provided a $10 billion temporary debt increase, amounting in total to $295 billion. That was in the year 1959.

In 1960 it was possible for us to get by with only an $8 billion temporary debt increase on top of the permanent $285 billion. I wanted the record, Mr. Chairman, to be very clear that the Congress has in the past done what I think Congress must do on this occasion, face up to the facts that are before us.

Hindsight, of course, is always better than foresight with me, and I presume it is with respect to most of us. Here we are today faced with a factual situation and we say that we regret our actions over a period of years that gave rise to the necessity of taking this action that is again today before the House of Representatives.

What am I talking about? On June 30 of this year without this legislation

there will only be authority on the part of the Secretary of the Treasury to have outstanding $285 billion of securities under the Second Liberty Loan Act. That is the permanent ceiling. The amount of securities that will be outstanding on that date, however, will be almost $287 billion. That means there is $2 billion of debt in excess of the permanent ceiling. The Congress, and this administration, and the previous administration, have all contributed in creating this debt. Some would have us look back and in our wisdom today say that we made a mistake last year, that we made a mistake in our actions so far this year; that we regret what the Appropriations Committee has done, we regret what the authorizing committees of the House have done. So now what are we going to do? Are we going to register a vote of protest about what we have already done?

I asked the Secretary of the Treasury and the Director of the Bureau of the Budget to set forth in the hearings the facts. I wanted to know what would be our situation if we refused to provide this temporary increase. How much would we have to reduce our spending in Government? The administration expects the debt to stand at $286.4 billion on June 30 and $291.9 billion come September 15. And where would we reduce expenditures by September 15, 1961, to be able to live within the permanent ceiling of $285 billion. Even without any flexibility available to the Secretary of the Treasury for debt operations, we would have a debt of $294.9 billion on December 15. To stay under a $285 billion debt limit we would have to reduce our outgo by $10 billion; that is, spending would have to be reduced to the extent of achieving a reduction in the debt of $10 billion.

I asked, "Where can we do that?" I would like to do it if we can if we can possibly do it without creating a situation that none of us wants to experience. Where can it be done? Can we cut in the area of nondefense spending to the extent of $10 billion within that period of time in order to be able to live within the permanent debt ceiling? If we give the President the authority to borrow only $285 billion, we must necessarily give him then the authority to cut back on what the Congress has already authorized or on what the Congress has appropriated. Where would he find the area to reduce? It would not be possible because of commitments under law to pay amounts such as veterans' benefits, to cut back in certain areas such as that. It would not be possible for us to cut back on interest on the debt without being able to float bonds at a less interest rate than we can get them today.

It would be necessary to cut and cut deeply in our defense program, because there we are in a position of not having fixed commitments of Congress and limitations in the law that we would be faced with as we would be in some of the nondefense areas.

Do you want us to say to the President of the United States, "Because our hindsight is so much better than our foresight in voting these authorizations and these appropriations, we have been unable to do the job that the Constitution of the United States imposes upon us, namely, to exercise some degree of control with respect to spending, you take the responsibility to cut where you think it ought to be cut to the extent of $10 billion."

I wonder what the situation would be. Would we not be saying that we trust the President of the United States to do a better job in this respect, a more scientific job, a job in the better interest of the people of the United States, than we ourselves have been able to do here on the floor of the House? I do not think the Congress wants to abdicate this responsibility, I do not think the Congress ought to abdicate this responsibility. I think the committee headed by the gentleman from Missouri must take some responsibility itself, I think the gentlemen who are chairmen of all of the other committees must take some responsibility themselves to operate within the limitations of what revenues can be produced under our tax system and decide ahead of time what spending levels in this country we want. After reaching their decisions, we should not expect to save everything for a field day, when we will decide that what we have done in the past was not right, we can correct it all today with one vote. This is not responsibility.

Let me tell you what you would be doing. They cannot cut back except in the areas I have referred to. If we cut back in the area of defense, if that is where half of the cut is, would you, my friend from Texas, as the expert and capable chairman of the responsible subcommittee, tell us that we can afford to do that in the immediate future with the situation such as it is? Perhaps over time that much could be saved in avoidance of waste and things of that sort, but that is the responsibility of the gentleman's committee and of other committees. That is not the responsibility of somebody downtown after the appropriation act has been passed.

I think we are treading on dangerous ground if we contemplate rejection of this proposal. Are you certain that you are acting in the interest of the people of the United States when you say that you want the President of the United States to cut rather than the Congress doing it, wherever he says he can? Do you think his judgment might be better in this respect than the Congress set up under the Constitution to do the job?

If this is not done, and we get to the point where we cannot pay our bills, what is the situation? Do you know what the effect might be on the financial institutions of this country? Have you contemplated where it might be? Where can you cut $2 billion between now and the 30th of June—the end of this week—to get your debt under $285 billion? We have before us today a very serious matter.

Yes, I know there are those who have not made any contribution to the accumulation of a part of this debt, but let me ask you this: Do you realize that $211 billion of this debt was created in the time of World War II? Do you realize that about $24 billion of this debt was created in World War I, and only part of it reduced following World War I? Do you realize that about $16 billion, as I remember, was created in the time of the Korean conflict? Add those figures together and reduce the amount that we have applied to the public debt during the 20's, and you come out with about $241 billion of the total attributable exclusively to those fiscal years when we had war, including the Korean conflict.

Yes, we can look back and say today we did not want these things to happen, but frankly, if you decide, as many have, that you do not like all of it, you still have got the question left in your mind with respect to: What will you do now that you are called upon to face up to the facts of the situation? Are you going to tell the Secretary of the Treasury that he cannot pay $2 billion of bills that will come due in the next four days between now and June 30th? Are you going to say to the people of the country and world that in spite of the fact that the Congress has created these authorizations and these expenditures that we have so little regard for our fiscal situation that we will not allow the Secretary of the Treasury to pay these bills?

Yes, I would like to see reductions made, but I do not want them made on a helter-skelter basis by somebody downtown. I want the Congress of the United States, if it feels so concerned today, to take action in the remaining days of this session to reevaluate these old programs, to reevaluate new programs, and take such action as the Congress of the United States should take under the Constitution to determine what it wants to do and not leave to somebody else that which is our constitutional responsibility.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Texas.

Mr. MAHON. The gentleman from Arkansas made reference to the gentleman from Texas.

Mr. MILLS. In a very complimentary way.

Mr. MAHON. Yes, and I appreciate the statement of my friend. As I see it, the answer to your question is that there is nothing more for us to do today than to raise the debt limit. I see no way to escape it, because we all, I think, recognize that the debt limit under these circumstances will have to be raised. And, this mere fact, in this one instance, would not be so troublesome except that it seems to me that we ought to resolve today that come 1 year from now, if we vote for bills which increase spending, if we vote for aid to depressed areas, if we vote for big housing bills, if we vote for Federal aid to education, we at the same time vote the money to pay our way so that we will not engage in deficit spending and so that it will not be necessary for the able chairman of the Committee on Ways and Means to come again and ask for an increase in the debt limit. It seems to me that is a lesson that we should and must get from this action; that we should pay our own

way, including even the payment of the annual cost of the postal service. Does not the gentleman feel there is some merit in this statement?

Mr. MILLS. I agree with the gentleman's thought completely, and that is what I am appealing to the House to do. Let us do it that way and not take action here looking backward saying that what we have done in the past is all wrong and creating a situation, the depth and seriousness of which I cannot describe to you.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. In your discussion about the history of this debt increase, increasing the ceiling, I do not think the gentleman went back far enough, because on June 26, 1946——

Mr. MILLS. I did not go back that far.

Mr. JONES of Missouri. No, I know you did not, but I think it should be pointed out. On June 26, 1946, we did reduce the debt ceiling to $275 billion. And, I want to add this, that from the period 1946 to 1954, which included the Korean conflict, we did not increase the debt ceiling.

Mr. MILLS. If my friend will look back, during that period of time we did not have the Secretary of the Treasury in any straitjacket allowing him only $3 billion of additional authority for flexibility which is all he is asking today. In 1948, the debt itself on June 30 was only $252 billion, with a ceiling of $275 billion. There was a great deal of flexibility.

But in recent years we have created a situation such as that in 1958 when miscalculation on the part of the then Secretary of the Treasury, not because of any pennypinching on our part, caused him to have to delay the actual payment of obligations of the Federal Government and to require that agencies of the Federal Government that could borrow directly from the American people, go out hurriedly and borrow money and pay obligations they had previously undertaken with the Federal Treasury, and at rates of interest far in excess of rates that the Secretary of the Treasury was paying at that time.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield further?

Mr. MILLS. I yield.

Mr. JONES of Missouri. During that same period of time and during the Korean conflict—and ordinarily we think that during a period of war we have to increase the public debt—did we not actually increase some taxes at that time, and were not the people willing to pay more taxes to avoid an increase in the debt?

Mr. MILLS. Certainly we voted increases in World War II——

Mr. JONES of Missouri. I was referring to the Korean conflict.

Mr. MILLS. I know what the gentleman is talking about. We voted them at the time of the Korean war; we voted them, yes, but we did not vote enough and none of us thought we could to pay the total cost of either one of those engagements each year. We did not do it in World War I. We created additional debt. Traditionally and of necessity we have gone in debt in time of war. But there is only so much you can take from the American people in any taxable year under our system of taxation. You cannot take enough to finance all the costs of an expensive war such as we have faced.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. GROSS. I listened carefully to the statement of the gentleman from Arkansas [Mr. MILLS], and I listened carefully to the statement of the gentleman from Texas [Mr. MAHON]. I am sure that every time this matter of debt renewal comes before the House of Representatives we hear exactly the same statement. The matter of raising the debt ceiling of this country was brought up the other day when the housing bill was before the House. And yet this House by a substantial vote passed the housing bill. The same question was raised when the depressed areas bill was before the House and yet by a substantial majority we passed that bill.

I am not going to name names or point a finger at anyone. They know who they are. They know who voted for these proposals.

Mr. MILLS. The gentleman does not have any more regret about the facts of the hour than I do. But I trust that the gentleman will recognize that there are some things that are even worse, perhaps. The gentleman can conceive, as I can, things that are even worse than the facts of our existing situation. To me, one of them is this: that the Congress, whichever one it is, that creates obligations of Government on one day will say to the American people on hindsight that we will not permit those obligations to be paid by the Secretary of the Treasury. Let us do what the gentleman from Texas [Mr. MAHON] suggested we do. Let us think now about what we will be faced with about this time next year; and if we do not want an increase on a temporary basis in the public debt a year from today, let us take action ourselves to prevent the necessity of doing it and not wake up some 4 days before the final date of the fiscal year to try to do something about it through this vehicle of legislation after the fact.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman.

Mr. YOUNGER. I agree with the gentleman that the debt must be increased during a period of war. But what is the reason for continuing to increase the public debt during a period of so-called peace? In other words, why do we not have a tax bill along with these expenditures, if that is what Congress wants, to pay for what we want?

Mr. MILLS. Let me tell my friend this. I am glad he mentioned the matter; I meant to say something about it myself. On our present base for Federal income taxes, I doubt very seriously that by adjusting rates upward over the course of a year or two, you would find that you are getting as much money under those higher rates as you are getting under existing rates.

There are some things that can be done to get more money, but you cannot do it, in my opinion, by increasing the rate structure on the basis of the present base applicable to those rates. I would not want to have to bring a tax bill to the floor of the House raising $10 billion of revenue now and ask you to approve it. I would not want you to have to be faced with that issue.

Mr. MASON. Mr. Chairman, I yield myself such time as I may need.

Mr. Chairman, we have listened to a very impassioned, to a very eloquent, and to a very convincing speech—convincing to those who have voted for these appropriations which have caused the necessity of increasing the debt limit. The speech was perhaps not too convincing to some of us who have voted against these wild, extravagant expenditures that have made necessary the increase in the debt limit.

I am one who has always believed that I should cut my cloth to fit my pocketbook, and I have always done that. I think any sensible citizen should do the same. The only reason any citizen should go into debt is in case of an emergency, sickness or otherwise, that forces him to go into debt.

I believe the same thing should aply to governments. The only reason I can see for any government's going into debt is in case of an emergency, a war emergency, and then of course we just have to do it whether we want to do it or not.

However, much of this increase in debt, particularly since the last war, that has made necessary the lifting of the debt ceiling has been in times of peace. I know we have had to prepare for defense, but a large part of the necessity for increasing the debt limit has come about by such actions as we took last week in that housing bill, and in a dozen other bills that I consider were not necessary.

So when the time comes I shall offer a motion to recommit this bill, and I do it because it gives some of us, a few of us, the opportunity to show that we are opposed not particularly to this bill but to the things that brought about the necessity for this bill. That is our only way of showing that.

Mr. Chairman, in view of the fact that I have consistently and without deviation voted against increasing the debt limit in prior years, I am sure it will come as no surprise to the membership of the House to learn that I am opposed to the bill before us today, H.R. 7677.

When I first came to Congress the debt limit was $45 billion and the actual debt was in the neighborhood of $35 billion. During my service in the Congress the debt has increased eightfold and the debt limit somewhat less than that. The increases in the actual debt and the debt limit have occurred without my concurrence and I predict—accurately I am sure—that the debt limit will be further increased today without my concurrence thereby authorizing an increase in the actual debt to be paid by tax burdens to be imposed and collected in the future.

Mr. Chairman, I oppose an increase in the debt ceiling because I believe that this ceiling is the one effective mechanism left to the Congress by which the legislative branch of our Federal Government can insist that we conduct our Government affairs with fiscal responsibility on a basis of paying our bills as we incur them. While it is true that the Congress has the final say on what money can be spent by the Executive, there is little question that the Congress and the Executive acting together have been guilty of authorizing too many spending programs with the result that our actual spending through the appropriation process has become almost automatic. I would make that spending result less automatic by rigid adherence to the debt ceiling limitation except in possible time of war. This would force the hard decision as to where we are going to cut our spending rather than continuing to extend the debt limit and thereby postponing the day of reckoning.

During my service in the Congress I have constantly advocated that we spend less so that we could tax less; I have constantly advocated that we avoid giving our substance away to foreign nations when the fact of that international charity has been to place us further and further into debt.

Even during the two wars in which our Nation has fought during the time I have been in Congress I have been critical of the fiscal policies that were pursued to finance those wars. I believe, and an increasing number of informed people are joining in this opinion, that responsible financing in the periods of those wars, and this is particularly true of World War II, would have found our Nation making a greater effort to finance the cost of the war currently rather than resorting to such a vast extent to deficit financing. If we had pursued that wiser fiscal course, we would have found not only our debt to be less than it today is, but we would also have found that we would have avoided the tragic debasement of our currency that occurred as a consequence of the inflation resulting from deficit financing.

But, Mr. Chairman, it is not just wartime fiscal operations that have placed us in our present predicament. We have engaged in deficit financing almost as consistently in peace as we have in war. The years have been few in the last three decades in which we have succeeded in having a budgetary surplus. The New Deal and the Fair Deal demonstrated an indifference to balanced budgets and we now have the New Frontier resuming where those previous Democratic administrations left off. The present administration inherited from the Eisenhower administration proposed balanced budgets for fiscal years 1961 and 1962. Immediately upon taking office this past January the Kennedy administration set about converting those two balanced budgets into deficit budgets.

Mr. Chairman, I earnestly submit to the membership of the House that if America is unable to pay its way at the present time, there is very grave doubt as to whether or not we will ever be able to pay our way. This means that we will continue to engage in annual deficits which will add to a mounting indebtedness that will bring about inflation, the debasement of our currency, and fiscal chaos. I refuse to support legislation making this consequence possible. I would prefer that we face up today to the fiscal realities that so severely confront us. I have opposed the spending that has created the debt and I therefore oppose the license to go further into debt. To those of my colleagues who have consistently voted for extravagance that our Nation cannot afford, I express regret that my deep conviction on this matter will not permit me to abet you in your spending endeavors that have taken us beyond our capacity to pay.

(Mr. MASON asked and was given permission to revise and extend his remarks.)

Mr. MASON. Mr. Chairman, I yield to the gentleman from Missouri [Mr. CURTIS] 15 minutes.

Mr. CURTIS of Missouri. Mr. Chairman, I was interested in the impassioned plea of the chairman of the Appropriations Committee before the House about the necessity of fiscal responsibility, and want to emphasize, I might say, the very splendid statement of the chairman of the Ways and Means Committee, which I feel in large measure was in answer to the chairman of the Appropriations Committee. Let me say this on behalf of the members of the Committee on Appropriations as well as the members of the Committee on Ways and Means, and I might say of Members of the House. We do not have the machinery in the House for insuring that we turn out balanced budgets. In the 1946 Reorganization Act, we created this super-duper budgetary committee which, incidentally, still exists and which met, I think, once, consisting of members of the House Committee on Appropriations, the Senate Committee on Appropriations, the Committee on Ways and Means and the Senate Finance Committee. The thought behind this super-duper committee was the necessity for the machinery in the Congress to ride herd over the appropriation bills once we had passed them all and saw what the total was. I still feel we could develop that machinery in the House. In my supplemental views on the debt limitation bill 2 years ago, I believe, I suggested one technique whereby we could do that without any change in the rules, and all that was required was the leadership of the Congress in the House to bring this about by calling the Committee on Appropriations leaders before the Committee on Ways and Means and say, "Now, look, here is our revenue position. You people are in charge of appropriations. We do not want to usurp your jurisdiction. Go back and see where you can cut $1 or $2 billion or whatever the amount is that should be cut."

But, I remind everyone, we do not have that machinery and this bill before us, as I have so often pointed out and as the chairman of the Committee on Ways and Means has pointed out, is not really a debt limitation bill at all. It is simply a question of how many bonds—how much in total of bonds we are going to permit the Treasury Department to market. The debt has already been created. The debt is in existence. We can pay for it in two ways, and both ways are in the jurisdiction of the Committee on Ways and Means. One is by raising the debt ceiling, as we call it, which permits the Treasury to market more bonds. The other way is to come in with a tax increase bill. I happen to share the views of the chairman of the Committee on Ways and Means. I think our present tax structure, actually, at the present time is in such a shape that we are at the point of diminishing returns and even if we came in with increased rates, I doubt very much that it would mean increased revenues.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Of course, there is nothing to prevent this Congress from reevaluating and reconsidering some of the actions already taken this year which will increase the cost next year. There is nothing to prevent us going back and reconsidering, for instance, the mistake that was made last Thursday in the passage of the housing bill with costs even in excess of what the President asked for, as well as many other items of expenditure.

Mr. CURTIS of Missouri. I could not agree with the gentleman from Wisconsin more. And to the chairman of the Committee on Appropriations, let me say there are still appropriation bills to come before the House and there are appropriation bills in the other body, and indeed we can if we will, go to work at this end of the matter, and that is the real answer.

Mr. Chairman, it has been pointed out many times before that calling this bill a debt limitation bill is in error. The debt has already been created by the appropriation acts previously passed by the Congress and signed by the President. This bill increases the amount of bonds the Federal Government can sell on the market to obtain the cash necessary to pay its obligations. The so-called permanent limitation on the amount of bonds that may be legally issued by the Federal Government is $285 billion. To this permanent amount was added $8 billion to total $293 billion. The $8 billion extension ends June 30, 1961. This bill authorizes a $13 billion addition to the $285 billion to a total $298 billion for fiscal year 1962.

The actual debt of the United States—the amount of money we are liable to pay in the event of serious adversity ranges somewhere between $500 billion to $750 billion depending upon the methods of estimation employed.

The $293 billion of Federal bonds issued has had its average maturity diminished over the past few years. The result is that the job of simply selling new bonds to replace the matured bonds has become increasingly difficult.

Each year the total amount of bonds coming due which must be paid off by selling new issues causes more disruption

of the investment markets, not just in the United States but abroad.

Adding another $5 billion to the total debt which must be financed by selling more bonds seriously aggravates this problem. The camel's back is being loaded to a breaking point.

The gold flow out of the United States to countries abroad has its origin in the manner in which the United States handles its debt. The amount of the debt, and whether it is increasing or decreasing, bears directly on the methods that are employed in handling the debt.

The United States has three important roles in international economics. The role of a world investor—both through its private citizens and through its own institutions—the role of a world trader; and the role of the world banker. The success that we have experienced as a world investor, in the private sector, and as a world trader has enabled us to maintain with considerable success a position as the world's banker.

However, our handling or mishandling of our Federal debt has placed an undue burden on the strengths we have built up as a world investor and as world trader. It is questionable how long these strengths will enable us to remain the world's banker in light of our fiscal policies.

This is particularly true because the Kennedy administration has erroneously diagnosed our world position. It looks upon our strengths as weaknesses that need bolstering and our weaknesses as strengths upon which we can further rely. To correct the gold flow problem the Kennedy administration proposals actually undermine our solid position in world investment and world trade—the two strengths that enable us to maintain whatever position we do maintain as a world banker.

To carry out the administration programs President Kennedy would spend more governmental money. Since he would pay for these programs through deficit financing this puts a heavier burden on our already weak position as a world banker.

This bill to increase the amount of bonds that the Federal Government is permitted to sell comes before us solely because the Kennedy administration has adopted a policy of deficit financing. It has taken the slight favorable balance in the Eisenhower prepared budget for the fiscal year 1961 and turned it into a deficit. The Kennedy administration has prepared a budget for fiscal year 1962 which has an imbalance of $5 billion. Looking at the appropriation bills already passed the House and sent to the other body and the bills which create more, not less, back-door spending, I think we can assume that the $5 billion deficit will be closer to an $8 billion deficit. In that event the administration will be back with a further request to raise the limitation on the amount of bonds the U.S. Treasury can market.

I have charged that this is fiscal irresponsibility of the most serious nature. It does not even have the redeeming theory which in itself is unproven that went along with previous budgets which had deliberate deficits—that this was necessary in times of recession and some deficit would be recouped in times of prosperity.

The administration, and all economists I have listened to and read, predict that fiscal year 1962 will be a prosperous year, not a year of recession.

The Secretary of the Treasury, Mr. Dillon, has sought to cling to the rationale of deficit financing by pointing out that Government revenues lag behind business recovery. However, I point out that the theory of deficit financing related to business recession and business prosperity not Government revenues. The theory was that in times of recession there should be a net balance to the private sector in the transfer between the Government and the private sector to stimulate the economy. In times of prosperity the net balance should go the other way to hold the inflationary forces existing in periods of prosperity.

There is no question that the Kennedy administration has embarked upon a new and even more dangerous fiscal theory than that of deficit financing. This new theory is that we make up what Government overspends through the economic growth that this expenditure theoretically creates in the future.

We are getting quite close now to a ridiculous theory that we can lift ourselves by our bootstraps. The theory that Government creates wealth.

This new fiscal policy adopted by the Kennedy administration will create inflationary forces that it will be impossible to stem. This will badly damage our competitive position as a world investor and trader. It will put the finishing touches on our efforts to be the world banker.

There is nothing that we can do here in the Congress today other than to talk about it. Someone has stated that the minority supplemental view accompanying the majority report on this bill was political. Last Thursday during the debate on the housing bill I stated that I had hoped that this minority report was not a narrowly partisan political statement, but that the two political parties might well choose up sides on the issue of fiscal policy and go to the people for their decision in 1962.

I believe this has become necessary. The Democratic leaders in this Congress have not only approved the Kennedy administration expenditure proposals in the budgets for fiscal year 1961 and fiscal year 1962, knowing they were based upon defict financing, they have agreed to exceed these expenditures. The decision of the leaders of the Congress have been confirmed by the Democratic majorities in the Congress over strenuous Republican opposition.

The gentleman from New York [Mr. MULTER] during the debate on the housing bill endeavored to ridicule the Republican position which stated that the basic issue in this bill was one of fiscal responsibility. The Democratic majority apparently agreed with Mr. MULTER that the issue of fiscal responsibility was specious, otherwise it would have voted down the administration housing bill.

I think the issue has been drawn, gentlemen, and my advice to my colleagues from the South is to get out the economic treatises of Lord Keynes and his Fabian Socialist followers and start boning up on them. You are going to need all the arguments you can muster to support the fiscal theories of the New Frontier which you have supported with your votes. As far as my northern Democratic friends and some of my Republican friends are concerned, you will have to lean doubly hard on the political activity of the special interest groups to whom you have been opening up the U.S. Treasury, because the tax of inflation will be upon us and the specter of rising unemployment resulting from pricing ourselves out of the market will be with us.

The tax cut the Kennedy administration suggests will come in 1963 from the prosperity that deficit financing will bring may come about, but if it does it will be in dollars with cut purchasing power. So it will be meaningless.

I cannot close this justified jeremiad without pointing out the tragedy of promoting this foolish and untried fiscal policy at this crucial time in world affairs when we need all the economic strength we can muster. Gentlemen, I can only look forward to the 1962 elections when we go to the people to test this new political philosophy. I hope my political party has the courage to give the people a clear-cut choice at this time in every congressional district from Maine to Georgia, from Texas to Alaska, in the North, in the South, in the East, and in the West. If this issue of spending is political as alleged, then, Mr. Chairman, I am ready.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. KARSTEN].

(Mr. KARSTEN asked and was given permission to revise and extend his remarks.)

Mr. KARSTEN. Mr. Chairman, almost every year for the past several years the Committee on Ways and Means has come before the House with requests to raise the national debt ceiling. I would be less than honest if I did not concede that the members of the Committee on Ways and Means have never derived enjoyment from these assignments.

Some of my friends on the opposite side of the aisle have been using this occasion to berate the Kennedy administration for having to increase the public debt limit. No less than eight times during the previous Republican administration we were confronted with similar requests. My friends seem to have very short memories.

Let me read from the 1961 budget message of former President Eisenhower, delivered to the Congress on January 16 of this year. Mr. Eisenhower said, and I quote:

> It will again be necessary for the Congress to provide a temporary increase in the debt limit during 1962.

It is interesting to note that in the paragraph preceding the one I quoted, the former President's budget message estimated to a tenth of a billion dollars the level of the public debt on June 30, 1962. Despite this intriguing precision, the budget message did not explain to the Congress how large an increase in

the debt limit would be required. There is, however, no difficulty in reconstructing the general magnitude. Just 1 year ago, that is, in June 1960, the Republican administration requested an increase in the debt limit on a temporary basis of $8 billion to deal with the seasonal financing problem and to provide a reasonable contingency reserve. In the budget message itself, the administration predicted that the budget for the fiscal year 1961 would be approximately in balance. Actually, the budget showed a $79 million surplus for the fiscal year 1961 by the fiction of assuming that Congress would pass the requested postal rate increases in time for these to become effective on April 1. Without this fanciful assumption about postal rate increases, the fiscal year 1961 budget, even in January, would have shown a deficit.

On this basis alone, if the Republican administration were still in power and if things had come up to their January expectations, they would still have had to request an increase in the public debt limit of $8 billion.

There is more, however, we know now that tax revenues between January and June of this year have been running below the forecast that former President Eisenhower made last January, by almost a billion dollars. In addition, President Kennedy's March budget statement indicated that the costs of carrying out certain programs within the policy previously established by the Eisenhower administration were going to be about half a billion dollars more than had been predicted in January. Taking these circumstances into account, a reconstruction of the debt limit increase that the former administration would have had to request, if it were still in power, would be about $10 billion.

All of us share some responsibility for the national debt. This responsibility is not confined exclusively to the Congress, nor to the executive branch of the Government. Every 2 years, we have a national election in order to afford the people of the United States an opportunity to express themselves. In these national elections, while the people vote for specific candidates for President, for Congress, and for the other elective offices, they also express themselves on the kind of Government they desire and how much government they want.

In the national election last November the people of the country, by a majority vote, expressed themselves in favor of the Democratic Party, which advocated programs of improved social security, medical care for the aged, improved educational facilities, housing, area development, unemployment compensation, and a better and stronger America. The majority of the people by their votes expressed approval of these programs, a number of which have passed this House within recent months.

The present request for a $13 billion increase in the public debt limit is suggestive of the general level of costs of these programs over and above the revenue increases that will be provided by getting back on the road of economic growth.

In view of the suddenness with which the recession has turned around, and in view of the magnitude of the shift of business forecasters from pessimism in December to optimism in June, we can only conclude that this is cheap at the price.

Mr. MILLS. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

WHEN AND HOW TO REDUCE THE FEDERAL DEBT—SHOULD THE FEDERAL BUDGET BE BALANCED EACH AND EVERY YEAR? HOW DID THE DEBT COME ABOUT? HOW MUCH CAN PRESENT SPENDING BE REDUCED WITHOUT WEAKENING OUR NATIONAL DEFENSE? SHOULD WE HAVE A MORE FLEXIBLE TAX SYSTEM? HOW MUCH IS THE PRESENT HIGH INTEREST RATE COSTING THE TAXPAYERS?

Mr. PATMAN. Mr. Chairman, the proposal to raise the ceiling on the Federal debt is a matter of deep concern to all of us. Indeed the large Federal debt and the prospect of adding further to this debt in the present year, although the additions will be quite small, is a matter of deep concern to responsible citizens everywhere. Thoughtful citizens believe, and I think correctly, that the Federal Government should adopt a definite, determined plan for reducing the Federal debt.

On February 28 of this year, the House and Senate in Texas adopted a concurrent resolution calling on the Congress of the United States to propose to the States an amendment to the Constitution which would require the President of the United States on or before the 15th day of each regular session of Congress to transmit to Congress a budget setting forth an estimate of the Government's receipts for the coming year and requiring, further, that—

If Congress shall authorize expenditures to be made during such ensuing fiscal years in excess of such estimates of the receipts, it shall not adjourn for more than 3 days at a time until such action had been taken as shall be necessary to balance the budget.

Since this resolution of the House and Senate of Texas reflects a very deep concern on the part of two highly responsible bodies, I would like to insert the entire resolution as follows:

HOUSE CONCURRENT RESOLUTION 10,
STATE OF TEXAS

Whereas the U.S. Government is presently indebted in an approximate sum of $295 billion and the debt increases each year; and

Whereas the U.S. Government now pays approximately $9 billion in interest on the present indebtedness each fiscal year; and

Whereas the value of a dollar continues to decrease, particularly since World War II, largely due to the inflationary fiscal policy of the Federal Government; and

Whereas the people of the United States are already bearing a practically confiscatory and excessive burden of taxes, particularly from the Federal Government: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the State of Texas hereby urges and memorializes the Congress of the United States to propose to the States an amendment to the Constitution of the United States as provided by article V of the Constitution, to read as follows, to wit:

"SECTION 1. On or before the 15th day after the beginning of each regular session of the Congress, the President shall transmit to the Congress a budget which shall set forth his estimate of the receipts of the Government, other than trust funds, during the ensuing fiscal year under the laws then existing and his recommendations with respect to expenditures to be made from funds other than trust funds during such ensuing fiscal year, which shall not exceed such estimate of the receipts. The President in transmitting such budget may recommend measures for raising additional revenue and his recommendations for the expenditure of such additional revenue. If the Congress shall authorize expenditures to be made during such ensuing fiscal year in excess of such estimate of the receipts, it shall not adjourn for more than 3 days at a time until such action has been taken as may be necessary to balance the budget for such ensuing fiscal year. In case of war or other grave national emergency, if the President shall so recommend, the Congress by a vote of three-fourths of all the Members of each House may suspend the foregoing provisions for balancing the budget for periods, either successive or otherwise, not exceeding 1 year each.

"SEC. 2. This article shall take effect on the first day of the calendar year next following the ratification of this article.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within 7 years from the date of its submission to the States by the Congress"; and, be it further

Resolved, That a certified copy of this resolution be furnished to the President of the Senate and the Speaker of the House of Representatives of the Congress, and to each congressional Representative from the State.

BEN RAMSEY,
President of the Senate.
JAMES A. TURMAN,
Speaker of the House.

I hereby certify that House Concurrent Resolution No. 10 was adopted by the House on January 31, 1961, by the following vote: Yeas 74, nays 60.

DOROTHY HALLMAN,
Chief Clerk of the House.
CHARLES SCHNABEL,
Secretary of the Senate.

In other words, the resolution of the Legislature of Texas calls upon the Congress of the United States to balance the Federal budget each and every year and not to taks a recess of more than 3 days until it has completed the task of balancing the budget.

Both the objective and the general principle expressed in this resolution are highly laudable. I, for one, agree wholeheartedly that the budget should, in the long run at least, be kept in balance. Indeed, I believe that in the long run the Federal debt should be substantially reduced.

SIGNIFICANCE OF BUDGET IN ECONOMIC CYCLE

As to the precise technique which the Texas Legislature proposed for the purposes, which is to balance the budget each and every year, this manifestly overlooks some important economic wisdom which has been accumulated in recent decades. Let us consider this point in some detail, because it is extremely important that the general public better understand the modern principles of budget making, the effect of the Federal budget on business profits, personal income and employment, as well as, of course, the effect of business

profits, personal income and employment on the revenues of the Federal Government.

Up until about 30 years ago, the conservative view and the generally accepted view of responsible fiscal action on the part of Government was that when each downturn occurred, Government should reduce its own spending and by all means keep its budget in balance. The idea seems to have been that by reducing its tax income and its spending, Government would somehow make available funds needed for other purposes and would thus tend to offset depression and recession. Most of us know today that no view could have been more mistaken. What actually happened when this practice was tried was that economic activity was further reduced, employment further declined, business profits further dropped, bankruptcies ensued, and, in short, the Government's policies materially added to the deflationary spiral and tended to produce a chronic and incurable depression. Such a policy today, in view of what we have learned, would be the height of fiscal irresponsibility. We have learned that fiscal responsibility, in the narrowest sense of the term, means that Federal Government must not conduct its business in a way which undermines the fiscal health of business firms and employees.

ROLE OF THE AUTOMATIC STABILIZERS

Over the past 30 years, we have built into our Federal tax and spending systems certain so-called automatic stabilizers, with the very reason that we have sought to maintain general economic health of the private economy and because there is a better general understanding of how our economy functions.

Certainly we have the best economic system yet. In fact, the superiority of our economic system, both in terms of the volume of goods and services which it produces and the standard of living which it has brought about and, in terms which we cherish, is too well known to need elaboration. Despite all the advantages of this free enterprise system, the system does have a certain weakness in that it is afflicted with cyclical ups and downs. At times, business expands rapidly, the total demand for goods and services is greater and the economy's current capacity to produce is such that overemployment of resources brings about inflation of prices and, at other times, there is a recession cycle with unemployment, underutilization of capacity and a general decline in business prices. Such cycles have to be expected in a market economy where an aggregate of each activity is a sum total of millions of individual decisions—decisions of consumers to buy or not to buy, and decisions of business firms to expand or not to expand to capacity or to accumulate or liquidate inventories.

In view of these facts, would it be wise then for the Federal Government to expand its spending in boom times, when its own revenues are increasing and to reduce its spending in recession times when its revenues are declining? No, such a policy would only add to instability. Such a policy would increase the inflationary forces in boom times and increase the recessionary forces in times of recession.

COMMENTS OF SECRETARY DILLON

Secretary of the Treasury Dillon, discussed the points at some length in his address to the National Press Club last week. Secretary Dillon, a Republican, can hardly be regarded as having leanings toward fiscal irresponsibility. Speaking of the progress which has been made over the years of the art of government, Secretary Dillon said:

Unfortunately, as I have said on an earlier occasion, we have not yet mastered the art of maintaining steady growth at full capacity. Our economy is still plagued by ups and downs. Although we have made substantial progress in terms of preventing major depressions, we still suffer periodically from periods of recession when growth slows to a halt and unemployment mounts rapidly. However, although we still have a great deal to learn on the preventive side, we have learned how to slow a decline and how to initiate recovery by using the automatic stabilizers we have built into our economy. It is largely thanks to these stabilizers that our recessions of the past decade have been so much more moderate than the wrenching depressions of pre-World War II days.

These automatic stabilizers so generally credited with softening our recent economic declines, are:

First, an automatic and rapid decrease in tax yields, as corporate profits and employment decline.

Second, a prompt buildup of unemployment compensation and retirement payments as jobs grow harder to find and to hold.

Their effect is automatically to increase Government outpayments and decrease Government receipts. The result is a deficit which helps to arrest the economic decline.

The automatic stabilizers have been operating since last fall. We can largely thank the stimulating effects of their action for the mildness of the recession. It is also due to their action that we are facing a substantial budgetary deficit this fiscal year.

These automatic stabilizers, Secretary Dillon points out, while they have helped to halt the recession, they have also been responsible for a net shift of $5.1 billion in the Federal budget, from an anticipated surplus to, now, an anticipated deficit of about $3 billion in the present fiscal year.

CUTTING GOVERNMENT EXPENDITURES WOULD HAVE DEEPENED RECESSION

What then would have been the result had the Government been so unwise as to follow the alternative course of reducing its expenditures to match its reduced income, resulting from the decline of business profits and individual incomes. Secretary Dillon pointed out:

The alternative—of reducing Government expenditures to match reduced revenues—would not only have meant no temporary unemployment compensation, but also a substantial addition to the unemployment rolls as Government programs were curtailed * * * to say nothing of the damage to our national security caused by the defense cutbacks that would have been required.

Let me underscore this point: reductions in expenditures to match reduced revenues would have increased the severity of the recession, enlarged unemployment, and thereby further reduced our revenues. We would have found ourselves in a deflationary spiral that could easily have lead to a severe and prolonged economic depression.

In actual fact, this alternative was so clearly unacceptable that there has been little responsible complaint about the deficit for the current fiscal year. There has, however, been considerable concern about the deficit of some $3.7 billion which we face in the coming fiscal year. This reaction is perfectly understandable. For recovery is well under way. It is probable that by this time next year our economy will be rolling in high gear. We may well be in the midst of an economic boom.

Let us consider, then, whether the proposal to balance the Federal budget each and every year would be appropriate in the circumstances of the fiscal year ahead. Secretary Dillon considers it this way:

When we evaluate the coming deficit for fiscal 1962, we should look back to fiscal year 1959, when the country faced an identical economic situation. The upturn from an earlier low started in the spring of 1958. The entire fiscal year 1959 was one of substantial recovery. Yet the deficit reached the staggering figure of over $12 billion—more than three times the deficit presently in sight for next year. It is clear that there is nothing unusual about a deficit in the year immediately following a period of recession.

It is with all this in mind—reduced recession revenues, growing national needs, unused plant capacity, excessive unemployment, and absence of inflationary pressures—that I reiterate my earlier statement that a deficit of the size which we envisage for fiscal year 1962—a deficit one-third the size of the 1950 deficit—is both inevitable and appropriate.

The alternative—to reduce expenditures to match recession revenues, with resulting dangers to our national security, neglect of our national needs, slowing of our progress toward full employment and toward full utilization of our plant capacity—is totally unacceptable.

This alternative course is equally unpalatable if we look ahead to the revenue prospects for fiscal year 1963. By then, revenues should be flowing from a prospering economy. They could well jump as much as 10 percent over what we can expect for fiscal 1962. With reasonable prosperity during 1962, our fiscal 1963 revenues should approximate $90 billion, compared to the $81.4 billion that we now foresee for the coming fiscal year.

Once again this would parallel past experience. For in fiscal 1960, our revenues jumped a full $9.8 billion over the recession revenues of 1959.

EXPENDITURES AND DEBT SHOULD BE REDUCED IN LONG RUN

A policy of greater fiscal responsibility on the part of Government, it seems to me, would involve a determined effort, not only to balance our Federal budget over the long run, but to reduce the Federal debt. For these purposes, the Government should do three things:

First, Federal spending should be reduced, not in recessionary periods, but in boom periods. There is a limit, of course, to the savings which can be made in this way because an overwhelming percentage of the Federal expenditures are going to national defense. Another large percentage represents commitments which cannot properly be reduced, such as the commitments for our war veterans. I will elaborate on the types of defense and other commitments in our present budget at a later point.

A second way by which the Federal Government definitely can and should

reduce expenditures is to return to a policy of more reasonable interest rates.

During the World War II years, public opinion recognized that most of our people would be and were being called upon to make supreme sacrifices for the Nation's defense. Such was the case of those who served in the Armed Forces, many of whom gave up their lives in the Nation's defense. Accordingly, it was then considered that those who lent the money to finance the war should draw only a modest return of interest on the funds lent. During the World War II years, and indeed in the postwar years, up until 1951, the Federal Government kept interest rates on the Federal debt at a modest level. During these 12 years, interest rates on long-term Government bonds were not permitted to rise above 2½ percent. In truth, interest yields on these bonds were, throughout these years, at somewhat less than 2½ percent.

FEDERAL RESERVE HAS BOOSTED INTEREST RATES SHARPLY SINCE 1952

But memories are short, while debt is continuing. Since 1952, The Federal Reserve System has raised interest rates on Government bonds, which means that it has raised interest rates on our vast wartime debt, progressively until now the taxpayers are paying almost twice as much interest on our World War II debt as they were paying in the earlier years.

If the Federal Reserve had left interest rates at their 1952 levels, Federal spending for interest over the past 9 years would have been $9.5 billion less than it actually has been. Furthermore, the Federal debt could have been decreased by $9.5 billion less than it is today. And at the same time, the problem of lengthening the average maturity of the Federal debt, which we hear so much about today, need not have arisen. Under the same circumstances I have recited, the Federal debt could have been maintained at the same average maturity as prevailed in 1952.

COST OF HIGHER INTEREST RATES

Recently I asked one of the experts on the staff of the Joint Economic Committee to compute the cost to the Federal Government of the increase in interest rates since 1952. His computations are as follows:

1. The amount of Federal securities outstanding which are subject to the statutory debt limitation stood at $287,284 million as of March 31, 1961. A calculation is desired to show how much less the outstanding debt would be at the end of fiscal 1961 under the following three assumptions:

(a) Interest rates remained at their June 30, 1952 levels.

(b) The saving in interest charges on the Federal debt (due to assumption (a)) for fiscal years 1953 through 1961 was applied each year to reduce the debt outstanding.

(c) The average maturity distribution of the debt was held constant at its June 30, 1952 status.

2. The average annual interest rate paid on the interest-bearing public debt as of June 30, 1952 was 2.329 percent. If this average rate had prevailed during each succeeding fiscal year, and each year's interest saving had been applied to reduce the public debt at the end of said fiscal year, the following yearly amounts of interest saving would have resulted (in millions of dollars):

Fiscal year	Actual Interest paid (1)	Interest at 2.329 on reduced public debt (2)	Interest saving (3)
1953	6,504	6,147	357
1954	6,382	6,255	127
1955	6,370	6,318	52
1956	6,787	6,273	514
1957	7,244	6,229	1,015
1958	7,607	6,350	1,257
1959	7,593	6,487	1,106
1960	9,182	6,494	2,688
1961 [1]	8,861	6,472	2,389
Total interest saving applied to debt reduction			9,505

[1] Fiscal 1961 figures partly estimated

In short, had these conditions been fulfilled, the total Federal debt outstanding on June 30, 1961, would be reduced by the amount of $9.5 billion.

3. It should be observed that the actual interest charges (col. 1 above) were paid on a total debt structure the average maturity of which was declining over the period. This decline operated, of course, to reduce the actual interest burden. If the interest charges shown in column 2 above had been calculated for an average maturity distribution which declined similarly over the period, the interest saving and the total debt reduction would have exceeded $9.5 billion.

AUTOMATIC STABILIZERS NEED IMPROVING

A third thing which we might do to manage Federal fiscal affairs in a better way, and at the same time contribute to economic stability, is to adopt a more flexible system of taxes. We might consider a tax system which would permit quick but temporary increases in the tax rates in boom periods, and quick but temporary reductions in the tax rates when recessions occur.

In order to focus attention on the need for improving our stabilization system, I introduced such a bill last year, one which would give the President discretionary powers to raise or lower the tax rates within a range of 10 percentage points. This bill carried the proviso that such powers to raise taxes must, in fact, be used as an alternative to raising interest rates. As of now, the Government raises interest rates still higher in boom periods as a means of dampening economic activity. Raising interest rates is itself an arbitrary action much like raising taxes except that the revenues from this kind of "tax" go into increased profits for the money lenders rather than into the Federal Treasury to reduce the Federal debt.

I believe that one of the next advances in the art of government will be in this field of flexible taxes.

OUR FEDERAL DEBT AND HOW IT WAS INCURRED

Let us look at the facts concerning our Federal debt. This debt at the end of last year amounted to $286.5 billion or nearly $1,600 for every American man, woman, and child.

How did we incur this debt?

About 80 percent of the present debt was incurred during World War II. In 1940 we had a Federal debt of $43 billion; by the end of 1946 it amounted to $269 billion. In the following 4 years it decreased to $257.4 billion. Thereafter it increased to $286.5 billion, due in part to the Korean war.

Spending to fight World War II is hardly the kind of spending that could have been avoided. True, my own feeling is, and was at the time, that we could have, and should have, paid more on the pay-as-you-go basis during the war years. In fact, I sponsored such measures for more taxes and voted for measures for increased taxes in those years which a majority of Congress in its wisdom did not pass, despite the fact that President Roosevelt strongly urged more taxes during the war.

But let us look at the Federal spending since the end of the war. How much has this been and for what purposes has the money been spent.

During 1946–60, Federal expenditures have totaled $892 billion, a truly tremendous amount. This amount could have bought every American family a $15,000 home and a $3,000 automobile.

Where has this money gone? We do not have to look far for the answer. Four items accounted for $745 billion, or 84 percent of the total. These include major national security expenditures, 58.3 percent; interest on the Federal debt, 10.8 percent; veterans' services 9 percent; and international affairs and finance, 5.5 percent.

MOST INCREASED EXPENDITURES RELATED TO NATIONAL SECURITY

These items all have one thing in common: they either are primarily the outgrowth of World War II or have been incurred because of the military and related obligations necessary to forestall the spread of communism since 1945. For example, in the years immediately preceding World War II, interest on the national debt averaged well under $1 billion annually; in 1960 it cost $9.3 billion.

Let us recognize these facts well. Our Federal Government expenditures have been so very high because of past wars and to prevent future wars. It has been the continuing threat which totalitarian governments pose to democracy which has been the chief cause of our high taxes.

America emerged from World War II as the world's strongest power. This placed an awful responsibility on us. Modern warfare made it impossible for us to withdraw from world affairs, even had we wished to do so.

Suppose things had been different, and we could have gone back to the prewar expenditures for defense and related items. For the entire period, 1920 to 1940, we spent about $57 billion—or about $2.8 billion a year—on national defense and the related matters mentioned above. Had the march of history permitted us to continue spending at this rate, we would have spent only about $42 billion on defense and related matters during 1946–60. Hence, if all other Federal expenditures had remained the same, total Federal expenditures would have been $190 billion instead of $892 billion. This would have

permitted us to run the Federal Government with only about 21 percent of what it has actually cost. People would have had to pay only about one-fifth as much as they actually paid in Federal taxes. Or, alternatively, we could have paid off the entire national debt existing in 1945 and also cut total taxes by about 55 percent.

We have spent more on defense and related matters during the last 7 years, 1954–60, than Federal expenditures for all purposes—including the cost of financing World War I and three other wars—during the entire period 1789 to 1940. In this comparison I have taken into account changes in the value of the dollar during this period.

Total Federal Government expenditures and amounts spent for national security, international affairs, veterans, and interest on the Federal debt

[In millions of dollars]

Year	Total Federal expenditures	Major national security	Interest on Federal debt	Veterans' services	International affairs and finance	Subtotal	Percent of total
1960	76,539	45,627	9,266	5,060	1,833	61,786	80.72
1959	80,342	46,426	7,671	5,174	3,780	63,051	78.48
1958	71,369	44,142	7,689	5,026	2,231	59,088	82.79
1957	68,966	43,270	7,308	4,793	1,973	57,344	83.15
1956	66,540	40,641	6,846	4,756	1,846	54,089	81.29
1955	64,570	40,626	6,438	4,457	2,181	53,702	83.17
1954	67,772	46,904	6,470	4,256	1,732	59,362	87.59
1953	74,274	50,363	6,583	4,298	2,216	63,460	85.44
1952	65,408	43,976	5,934	4,863	2,826	57,599	88.06
1951	44,058	22,444	5,714	5,342	3,736	37,236	84.52
1950	39,617	13,009	5,817	6,646	4,674	30,146	76.09
1949	39,507	12,908	5,445	6,725	6,052	31,130	78.80
1948	33,069	11,771	5,248	6,653	4,566	28,238	85.39
1947	39,032	14,368	5,012	7,381	6,536	33,297	85.31
1946	60,448	43,176	4,816	4,415	3,107	55,514	91.84
Total	891,511	519,651	96,257	79,845	49,289	745,042	83.57
1945	98,416	81,216	3,662	2,095	3,312	90,285	91.74
1944	95,059	76,696	2,623	745	3,642	83,706	88.06
1943	79,407	63,159	1,825	606	3,299	68,889	86.75
1942	34,046	23,937	1,272	558	1,839	27,606	81.08
1941	13,262	6,036	1,123	566	145	7,870	59.34
Total	320,190	251,044	10,505	4,570	12,237	278,356	86.93
1933–40	58,800	7,353	6,864	7,207	173	21,597	36.73
1920–32	48,449	14,111	10,906	9,850	681	35,508	73.29
1917–19	33,189	21,260	839	730	9,139	31,968	96.32
1900–16	10,730	4,431	428	2,605	[1] 26	7,490	69.80
1789–1899	16,022						
1789–1940	167,190						

[1] Prior to 1912 International Affairs & Finance not given separately.

FEDERAL DEBT GETTING SMALLER, NOT LARGER

Now let us keep the Federal debt in proper prospective. True, this debt is vast, creates a tremendous burden to the American people and should be reduced. But, at the same time, we should not allow ourselves to imagine that the debt has been increasing relative to our ability to pay, or that it is leading to insolvency.

In the first place, we might note that while the capital debt is high, it is not nearly as high today as at the end of World War II. At the end of 1946, the Federal debt was equal to $1,911 for each American. At the end of 1960, it had been reduced, relatively speaking, to $1,592 for each American.

In the same years, furthermore, the average wealth has increased enormously and so, too, has our average income.

At the end of 1946 the Federal debt was equal to more than the gross national product—that is, it was more than the value of all the goods and services produced in that year. By the end of 1960, in view of the vast increase of the gross national product, Federal debt had been reduced to 47.9 percent of the gross national product.

Net debt as percent of gross national product

Period	Federal	State and local	Corporate and other private
1946	109.0	6.5	73.1
1951	66.4	7.1	85.8
1956	53.8	10.2	104.8
1960	47.9	11.9	115.6

Source: Department of Commerce.

In truth, relatively speaking, the Federal debt since the end of World War II has faired much better than that of State and local governments and even better than that of corporate and private debt.

The figures for these various classes of debt are as follows:

Gross national product and net public and private debt, 1946, 1951, 1956, and 1960 [1]

[Dollar amounts in billions]

Period	Gross national product	Total debt	Total debt as percent of GNP	Federal debt	State and local debt	Corporate and other private debt
1946	$210.7	$397.4	188.6	$229.7	$13.6	$154.1
1951	329.0	524.0	159.3	218.5	23.3	282.2
1956	419.2	707.5	168.8	225.4	42.7	439.4
1960	503.2	882.9	175.5	241.0	60.0	581.9

[1] Date is for end of year except State and local debt which is for June 30.

Source: Department of Commerce.

All of these comparisons demonstrate that the burden of our Federal debt is much less today than it was at the end of the war. This is conclusive proof that we are not on the verge of insolvency; on the contrary, the Federal debt is becoming less and less of a burden as our economy grows. This is another reason why it is absolutely essential that we maintain a prosperous and growing economy.

AMERICANS MUST KNOW THE FACTS

I have recited these facts at some length because I think every American should be reminded periodically of the primary reason for our high taxes and great national debt. There is only one compelling reason for them: totalitarianism has been threatening democratic institutions for the past two decades.

Let us always place the blame where it belongs: on the totalitarian governments threatening democracy, not on Presidents Roosevelt, Truman, Eisenhower, and Kennedy, and the other elected representatives of the people. To do otherwise is to undermine people's faith in their own great democratic Government.

The price of preserving freedom has been truly enormous. But let us not throw away this precious freedom by undermining people's confidence in our democratic institutions through false charges of reckless spending by irresponsible elected officials. Admittedly, mistakes may have been made in our efforts to forestall and combat, first, fascism and then communism. In a democracy we are especially conscious of our mistakes and shortcomings. But over the long pull, this has proven to be one of our strengths, not an inherent weakness.

OUR CHILDREN'S INHERITANCE

Critics frequently point out that every American baby born assumes a $1,600 debt as his share of the Federal debt. But what such critics neglect to point out is that every newborn American also inherits the most precious of all things—individual freedom and a democratic government—and that this precious heritage has been protected in part by incurring our Federal debt. And, incidentally, they also fail to mention that each infant is born into the world's wealthiest Nation, with total wealth of nearly $10,000 per person. Yes, each American receives a truly rich intangible and tangible inheritance. I am certain the vast majority of parents outside the United States would like to give their children such an inheritance.

Even so, this is no reason for complacency or lack of diligence on our part to find and adopt better ways for managing the Government's affairs. We must use all the intelligence and economic wisdom that we have to achieve better fiscal responsibility, not merely from the narrowest standpoint of the Federal Treasury income and outgo, but to achieve greater stability in the private economy and a higher rate of economic growth, so that all Americans will have improved opportunities for good jobs and success in business. In material terms, this is the real heritage we must leave our children.

Mr. Chairman, I agree that this bill should be passed. The alternative is as Speaker RAYBURN said a while ago: If

someone were to present a bill for money due and the Secretary of the Treasury should be unable to pay that bill, of course we would have a panic on our hands. That would be such a situation as we have never had in this country. So in order to be intellectually honest, we must vote for the passage of this bill.

There were many things which went into this bill for which I did not vote, but I am in part responsible for them, as I am a Member of Congress. We must have fiscal responsibility. We cannot have a policy of voting for appropriation bills and then of voting against tax bills to pay the costs or voting against raising the debt limit to borrow the money to pay our just and honest debts. We must pay them.

I wish to state that I agree with what has been said by the gentleman from Arkansas [Mr. MILLS]. He made a sensible and informative speech.

Most of the debt we have with us today was incurred during World War II. President Roosevelt tried to get Congress to raise taxes, during the war, to meet most of the cost of the war on a pay-as-you-go basis. But Congress did not see it that way. Mr. Roosevelt tried to get us to raise taxes sufficient to pay up to 50 percent of the Federal expenditures. We refused to do it. We paid only about 25 percent of the cost of the war as we went along.

Twenty-six billion dollars of the present debt, as has been said by the gentleman from Arkansas [Mr. MILLS], came as the result of World War I. But practically all the rest came by reason of World War II. The Korean war, I suppose, is the only war in history that was fought substantially on a pay-as-you-go basis. There is not much in the debt for Korea.

It is my belief that the debt ceiling would not have had to be raised during the entire Eisenhower administration, commencing in 1953, if interest rates had been kept as they were in 1952. Remember that in 1952 the interest rates were then higher then they had been for many, many years, yet if they had been left at the level of 1952, the last year of the Democratic administration, we would not have been compelled to raise the debt limit during President Eisenhower's administration. But in fact we were compelled to raise it every year during the entire 8 years.

Twelve years of our history, from 1939 to 1951, were the most serious years in the history of this country. From 1939 to 1945, we were spending money at the rate of a quarter of a billion dollars a day on the battlefield, shooting it away. Our debt limit was going up from $26 billion to $299 billion during that 6 years.

The next 6 years, from 1945 to 1951, was the most inflationary peacetime period in history. People had money in their pockets, and money in the banks, and wanted to buy all the things they had done without or postponed buying during the war. But not enough goods were available. Automobiles were not available, appliances were not available.

What was the interest rate during these years? Two and a half percent on long-term Government bonds. It never went up above that during those 12 years. Some think these bonds went below par, but they did not. Not one bond went below par. Not one bond was the Government compelled to pay more than 2.5 percent on. If the Government, and I mean the Federal Reserve, can keep interest rates down in such times as those, it can do it any time. So what are we waiting on?

The Federal Reserve has not been carrying out its duty. It has been causing interest rates to increase. There is where our trouble is.

The point is the Federal Reserve System can correct these interest rates and keep interest rates at any level the Government desires the interest rates to be.

It has been done in the past, it can be done in the future. But, I think that is because of the Federal Reserve banking system refusing to carry out its duties under the law. Remember, the Federal Reserve Act is a law just like the Interstate Commerce Act, just like the Federal Trade Commission Act and just like the truth in securities or SEC Act or any of the rest of them. It is a law. Under the Constitution, it is the duty of the President of the United States to take care that the laws are faithfully executed. So I am apprehensive that the time is coming when the President is going to have to say to the Federal Reserve, "You have to protect the people from these extortionate interest rates and these high interest rates that are causing our national debt to go up all the time or we will have to do something about it."

It is possible that time will be reached. But, I want to repeat that the main cause of this debt being high—the principal cause and the cause is high interest rates which were unnecessary—absolutely unnecessary.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Washington.

Mr. PELLY. I have always thought that artificially low interest rates encouraged borrowing, and that that was a source of inflation and on that ground I would disagree with the gentleman.

Mr. PATMAN. I can cite the gentleman one good example. Back during the days of Mr. Hoover's administration at a time when interest rates were low, people would not borrow the money. Why? Because they could not make money with what they borrowed. We were in a deep depression. If people cannot make money on it or the money they can borrow, they will not accept it, I do not care if you have a negative interest rate. So a reasonable rate of interest is all right any time—good times or bad. But, I agree that now is no time, as the gentleman from Arkansas [Mr. MILLS] said, to increase taxes. We are in a recession. We are not out of it yet. I hope we are nearly out of it, but we are not out yet, and this is no time to levy taxes, in a recession, because you will make matters worse. It is no time to pull in on expenditures. We tried that back in Mr. Hoover's administration. I was here during the 4 years of Mr. Hoover's administration, and I witnessed one of the greatest mistakes that was made—an honest mistake, I know—the mistake of cutting down on expenditures, more and more, and letting the country get in a worse condition all the time. That policy finally resulted in the greatest depression in history.

When times are bad we must recognize the fact, and have deficit financing. When times are good, we must maintain taxes, and perhaps increase taxes, not only to balance the budget, but to make substantial payments on the debt.

Personally, I would pay off the Federal debt just as quickly as possible. But you cannot commence paying it off in poor times, because you will make the situation worse. You should only pay off the debt in good times. If half of the national debt were paid off next year, we would have the worst depression in history, because whenever you cancel a debt, you cancel money, and you cannot afford to do that in bad times. You do not want to cancel money, reduce business profits and throw more people out of work. You want to have more money in order to have better times.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Is it not your contention that the more money there is in circulation, the better off we are?

Mr. PATMAN. No, not necessarily.

Mr. HOFFMAN of Michigan. Is not that it?

Mr. PATMAN. In inflationary times, you should pay off on the national debt; but when times are bad, that is no time to cut Federal expenditures or raise taxes.

Mr. HOFFMAN of Michigan. I have followed the gentleman very closely during the last 20 years, and I thought it was the gentleman's idea that the more money in circulation the better off we were.

Mr. PATMAN. It all depends on the times. Right now you do not want to take any more out, because that would increase unemployment and hurt business, to say nothing of the fact that you would, if you cut much, cut out some essential Government service.

Mr. HOFFMAN of Michigan. Then, if the gentleman will yield further, what you have been saying all boils down to the proposition that we are all right now.

Mr. PATMAN. No, we are not all right now; we are in rather deep economic troubles. The recession is not over, and we are not pulling out of it as fast as we should. Almost 7 percent of the Nation's labor force is unemployed, and the prospects are that 6 percent will still be unemploy by the end of the year. Things are better than they were a few months ago, but we are coming out of this thing slowly. We do not want to do things that will make it worse instead of better.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield once more?

Mr. PATMAN. I yield.

Mr. HOFFMAN of Michigan. What the gentleman has just been saying is that what we really need and want to do is to put more money in. That is what the record shows.

Mr. PATMAN. We need expenditures, for good and sound purposes, not just creating money.

Mr. KNOX. Mr. Chairman, I yield myself 5 minutes.

(Mr. KNOX asked and was given permission to revise and extend his remarks.)

Mr. KNOX. Mr. Chairman, I rise today to set forth my views on the legislation which is pending before the House, because I feel that the amount that is requested, $13 billion, may well prove to be in excess of what is needed. I realize that I may be unduly optimistic in that observation, but certainly the $13 billion request is premature, because of the fact that today we have major authorizations and appropriation bills recommended by the administration that have not been reported from the committees to the floor of the House for our consideration. We are called upon to act on this legislation increasing the debt limit before there exists the necessity and justification for having the debt flexibility requested in order to meet our responsibility for debts we have incurred. Until we know what spending the Congress will authorize, how can we know the additional authority for debt that will be required?

This legislation, in my opinion, should be geared to a $293 billion and not a $298 billion limitation. In the committee we discussed this very thoroughly. However, the only amount that could be agreed to and sanctioned by the Secretary of the Treasury was $298 billion. But this $298 billion limitation projects costs of Government that have never been approved by the Congress. Actually, it is my concern that if the Congress approves this $298 billion debt ceiling, it is possible that it will be construed as putting the stamp of approval on all pending spending legislation recommended by the administration. That is the reason I feel it is premature. For example, we have a message from the President of the United States requesting a new 5-year foreign aid program that in its total will cost several billion dollars, including $8,800 million in backdoor spending.

The Congress has not passed judgment on the foreign aid bill, nor has the committee which has jurisdiction over it. On top of that $8,800 million in backdoor spendings the President of the United States has also requested another $4.8 billion in current appropriations for foreign aid. That has not been approved by the Congress. Therefore, I can see no justification at this particular time to increase the temporary ceiling to $298 billion. I believe that $293 billion can be justified in order to allow the necessary flexibility to the Treasury to meet obligations as they become due, but I do not feel we should go to the extent of providing an additional $5 billion to be injected into this program at the present time before the Congress has taken positive action with authorizations to go ahead with these appropriations. If we do that, then, naturally, we are obligated as Members of the Congress to proceed to make the necessary financing available so that our obligations will be met.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. ALGER].

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I would like to call the attention of my colleagues to the minority reports that are found in the committee report accompanying this bill, and I should like to aline myself with those views and to point out several things. My position today will be a different one than I have ever taken since I have been in Congress, but I think it is a consistent one. I really believe the policies of this Congress and the present administration if followed will bankrupt the Nation. It is just that simple.

So it was for the first time I opposed the tax extension bill the other day, for a similar reason, not that we do not need the money, but that we will strangle American industry, and when you bankrupt business it pays no taxes.

So I say to you today I am against this debt limit, not because we should not be responsible and face up to the bill we have run up, but because we must endeavor to focus attention that we are lacking self-discipline in our fiscal policy. It is now obvious that the restraint on spending has to come from the Congress because this administration, unlike the previous administration, is designing a deliberate program and policy that plans for deficits. I stress they are planned deficits. This is something new. I will concede, this Congress since I have been here under Democratic leadership, has, generally speaking, been fiscally irresponsible. But I must say also that the Eisenhower administration endeavored to make both ends meet. I no longer see any attempt on the part of this administration to pay as we go or to have a balanced budget. That is the reason I am opposing this debt increase.

Mr. Chairman, I would like to call the attention of the Members to the minority views on the last page where the gentleman from California and I joined in pointing out what a gimmick this temporary debt limit is. The gentleman from California and I feel it is just a gimmick. It tends to give us an aura of responsibility to an area that is absolutely irresponsible. Let us throw it out of the window, because it has no restraining effect whatsoever in limiting the spending money.

Finally, we suggest in those views that what we really need is some relationship between the spending and the tax committees. There is none at the present time. The Committee on Appropriations and the Committee on Ways and Means tip their hats at each other once in a while, but there is no coordinated limitation on what is done.

In the minority views I am one of those to suggest that we have a constitutional amendment, which I have offered every year since I have been here to force the Government to stay within the budget so that the debt is kept within bounds, a constitutional limitation on the Federal Government to tax, spend, and borrow.

Further, I would like to call attention by way of contrast and comparison to the views that are in the minority report. They start on page 11 of the report accompanying the bill. I would like to compare that to the facts that confronted President Eisenhower and Secretary of the Treasury Humphrey after the Eisenhower administration came into power. Here we have an interesting and comparable situation where a new administration was taking over from the old. Listen to what Secretary Humphrey said. Compare his report with what these minority views say today of what the present administration today can say in relationship to the outgoing administration. Secretary Humphrey pointed out that when the Eisenhower administration took office in January of 1953 it was confronted with a Truman administration budget providing a deficit of $9.4 billion for 1953 and a planned deficit of $9.9 billion for 1954. The new Eisenhower administration had to deal with a continuing spiral of inflation which under the New Deal and Fair Deal had reduced the purchasing power of the dollar from 100 cents in 1939 to 77 cents by 1945 and down to 52 cents by 1952. The Truman administration also left a legacy of approximately $80 billion in unpaid bills without any money in the till with which to meet them.

President Eisenhower within a month of taking office in 1953 in his state of the Union message called attention to the "inescapable need for economic health and strength." In that message he stated:

> Our immediate task is to chart a fiscal and economic policy that can:
>
> First, reduce the planned deficits and then balance the budget, which means, among other things, reducing Federal expenditures to the safe minimum;
>
> Second, meet the huge costs of our defense;
>
> Third, properly handle the burden of our inheritance of debt and obligations;
>
> Fourth, check the menace of inflation;
>
> Fifth, work toward the earliest possible reduction of the tax burden;
>
> Sixth, make constructive plans to encourage the initiative of our citizens.

Against that background of fiscal chaos from the Truman administration and the statement of sound Republican principles by President Eisenhower, it is significant to note what the Eisenhower administration did toward the accomplishment of its stated goals.

The Eisenhower administration reduced the planned deficit for fiscal year 1954 from its $9.9 billion Truman level to an actual deficit of $3.5 billion. The Truman spending that had reached a proposed high of $77.9 billion in fiscal year 1954 was reduced by the Republican administration working in cooperation with a Republican Congress to a low of $64.4 billion for fiscal year 1955. After that fiscal year the Nation's spending was approved by a Congress that was

under the control of a Democratic majority and, of course, the spending level rose.

The fiscal prudence under the Republican Party in control of the executive and legislative branches of our Government made possible the largest tax reduction in the history of our Nation in excess of $7 billion. The rampant inflation was halted and the purchasing power of the dollar protected. Budget surpluses were achieved until Democratic proposed spending in the Democratic controlled Congress got back into high gear and we began to outspend our resources in fiscal year 1958.

Mr. Chairman, it is significant to contrast this record of reduced Government expenditures, lessened tax burdens, stable prices, and controlled debt management that the Eisenhower administration molded out of the fiscal chaos it inherited from the Truman administration on the one hand, with the actions of the Kennedy administration upon taking over from the Eisenhower administration on the other hand.

In the latter case, the Eisenhower administration bequeathed to the new administration balanced budgets for fiscal years 1961 and 1962, which the Kennedy administration within 5 months has succeeded in converting to unbalanced budgets through its excessive spending programs. Instead of reducing the level of spending, the Kennedy administration added $5.1 billion in new obligational authority to the Eisenhower recommendations for fiscal year 1961 and $6.7 billion for fiscal year 1962. Instead of achieving a total budget surplus for these 2 fiscal years of $1.6 billion as projected by the Eisenhower administration, the Kennedy administration has again returned our Nation to planned deficit financing and proposes to add $6.2 billion to the debt for these 2 fiscal years. The Kennedy administration has abandoned the Eisenhower regard for preserving the integrity and strength of our Federal Government's finances and has returned to the inflationary path of deficit spending which was such an important part of the Roosevelt and Truman fiscal folly.

Let me remind my colleagues, those who have said that there have been numerous debt increases under the Eisenhower administration, that only one Congress—the 83d Congress of 1953–54—was Republican, that for the 6 years I was here under the Eisenhower administration the big spending came from the Democratic leadership. Of course, the President had to spend it when the Congress has established programs calling for the spending.

So, I point out to my colleagues that increases in the debt limit under the Eisenhower administration were forced upon that administration by the Democratic Congresses. It is bad enough when Congress is irresponsible, but now we see an administration that is asking us to forget about a balanced budget.

I, for one, refuse to pick up the tab for the big spenders any further, even in the extension of the Korean tax proposal. We all know that wealth is created only through the private sector of our economy, and when we siphon the money off from individuals and businesses we are actually preventing the private sector from producing more wealth for the improved status of our people. So, what we need is less spending, less taxing, less deficit financing, and I propose to oppose this debt increase, which, of course, will not be temporary.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman said a moment ago that a Democratic Congress forced appropriations upon former President Eisenhower that he had to spend; is that correct?

Mr. ALGER. That is correct.

Mr. McCORMACK. Well, now, the gentleman knows that Congress cannot force any President to spend any money that he does not want to spend.

Mr. ALGER. Now, the gentleman knows betetr than that, and I contest what the gentleman just said.

Mr. McCORMACK. I think you know better than that. Do you deny that?

Mr. ALGER. Would the gentleman repeat his question?

Mr. McCORMACK. If the Congress appropriated and if the President does not want to spend, he does not have to.

Mr. ALGER. The President can veto it.

Mr. McCORMACK. No, no, not veto. We authorized an increase of 25,000 in the Army. He did not spend that.

Mr. ALGER. Does the gentleman suggest that the President does not spend the money that Congress appropriates?

Mr. McCORMACK. If Congress appropriates the money and the President thinks that it should not be spent, he can freeze it.

Mr. ALGER. Is that justification, may I ask the gentleman?

Mr. McCORMACK. Never mind the justification. I am talking facts. You said a Democratic Congress forced upon President Eisenhower appropriations that the President had to spend. The President does not have to spend if he does not want to. He can freeze it. President Eisenhower has and other Presidents have. I am not criticizing a President for the exercise of his judgment, although I disagreed with him in the 25,000 increase in the Army and the 25,000 in the Marine Corps. But, we appropriated money to increase both, and the President did not spend the money because he did not have to. There is no reason for us to say that the preceding Congress appropriated the money and forced upon the administration the taking of legislation of greatly increased spending.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Chairman, I should like to direct this to the attention of the gentleman from Massachusetts [Mr. McCORMACK]. I think there is one aspect of his statement to which I would think he would want to give recognition. There are occasions when the Congress can order the President to spend, when the Congress can authorize or appropriate and the President has no alternative except to follow the direction of the Congress. I shall give one instance where the President had to do so even though he vetoed the original bill. I call the gentleman's attention to the pay increase legislation. The Congress ordered it. Even though the President refused to approve the bill, they ordered it over his veto. He had no alternative. But the expenditure had to be made.

I believe the gentleman will recognize that there are some instances where his statement would not stand.

Mr. McCORMACK. I think the gentleman is correct in that statement; but will the gentleman also admit that I am correct in the statement that I made with reference to the increase of the Armed Forces. There are occasions when that has been done.

Mr. BYRNES of Wisconsin. I agree that there are.

Mr. McCORMACK. But it does not necessarily follow that because we appropriate money the President has to spend it all; is that right?

Mr. ALGER. Mr. Chairman, I cannot yield further at the moment.

Mr. McCORMACK. And both of us do not agree with the gentleman from Texas.

Mr. ALGER. Mr. Chairman, I ask for the regular order. I am sure our majority leader will have plenty of opportunity to take the floor.

Mr. Chairman, I simply feel the majority leader is attempting to take the play away. I admit that that is pretty good strategy. But the point that I am trying to make is that when the increase in spending comes along, the question is, what are we going to do about it? Some of us have been picking up the tab. I have, every year.

Once again, I try to make the point that we who have been picking up the tab and doing it willingly in the interest of fiscal solvency are not going to continue doing so in the face of an administration that is determined to produce deficits. As we see the waste and duplication in these Government spending programs, we see the urgent need for a slowdown in giving the administration the authority and the means to spend our Nation further into debt. What do you think some of us are going to do? Sooner or later we are going to get tired. You do not have to join me, of course. I may be the only one, although I doubt it. In fact, I know there are several who feel this way on my side of the aisle. The people of this country are tired of the constant spending and are helplessly saying as we have done today, What else can we do?

I will tell you what we can do. We can deny them the money, and you and I know that we will not leave Congress before we produce the money, because we will be coming back here on a responsible basis, with a total of the expenses made up for us. We do not know what the Kennedy administration wants. They have not told us. We get these

bills piecemeal for spending. Some of us are tired of that. This is the only way we have to register our objection. Whether we carry the field today or not, is not the point. The point that I make is that some of us are not going to continue to pick up the tab for the big spenders.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from New York.

Mr. BECKER. Mr. Chairman, I would like to join the gentleman from Texas in what he has said. What he has said is absolutely true. I just call your attention to the highway bill this year. They brought in a bill for the money and the taxes to pay for the bill. Why do they not do this with the housing bill or the Federal-aid-to-education bill, or the distressed areas bill—bring in the tax bill along with the spending bill? Then we would be responsible; and not ask us to do it this way through back-door spending, and so forth, ask us to make good the deficit by increasing the national debt limit.

Mr. Chairman, I agree with the gentleman.

Mr. ALGER. I appreciate the gentleman's statement.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, even in connection with the salary increase bill, and with the appropriations made, if a president wanted to freeze the money he could. Of course, he would not do it. Everyone knows that Congress can appropriate, but the President does not have to spend. He can freeze the money, as has been done on many occasions. So, knowing that the gentleman from Texas [Mr. ALGER] made his statement in good faith, nevertheless the statement he made, the broad statement he made, was inconsistent with the facts and the truth.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I am glad to yield to the gentleman.

Mr. BYRNES of Wisconin. I asked the gentleman to yield because the Congress just does not accept as proper procedure the right of the President to freeze funds or to fail to follow out the directions of Congress, although, I agree that has been done.

Mr. McCORMACK. That is true. I will agree with that.

Mr. BYRNES of Wisconsin. The President has frozen funds and has not spent them, but I think we have always seriously questioned whether he should do so in those cases.

Mr. McCORMACK. From a legislative angle.

Mr. BYRNES of Wisconsin. I would not want to write a record here that would be interpreted by any President, the present one or future ones, that the Executive could ignore the will of Congress with abandon.

Mr. McCORMACK. I will agree to that. All I said was that Congress can appropriate but the President does not have to spend. Of course he is supposed to carry out the will of Congress, but we all realize there may be changed conditions between the time of appropriation and the time of expenditure, when the President in the exercise of his wisdom decides that the expenditure of these appropriated funds is unnecessary and he puts them in a freeze. It may be that before the fiscal year is over he might unfreeze. But the statement that the Congress forced upon the President the spending of money is not of itself correct.

Mr. BASS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. BASS of Tennessee. The gentleman from Texas [Mr. ALGER] castigated the President for spending money. We are governed by the approval, the mandate by the people. Apparently the American people approved of what Congress was doing because three times in a row while Eisenhower was President the American public elected a majority, and a large majority, of Democrats to legislate for them in the Congress of the United States.

Mr. McCORMACK. Of course the country is becoming more and more democratic and the people are wise to support the Democratic Party.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. The gentleman has a party of his own.

Mr. GROSS. The gentleman is right about that party. Therefore the gentleman from Iowa can speak from a nonpartisan standpoint, if such is possible.

Mr. McCORMACK. What standpoint?

Mr. GROSS. I just wanted to call the attention of the gentleman from Massachusetts to an election down in Texas not long ago.

Mr. McCORMACK. Well, we will not get into that because sometimes I have seen a Republican lose in a Republican district and a Democrat win. The Republican lost the election. Occasionally I see a Republican getting in in a Democratic district or State where the Democrat loses the election and the Republican wins. It is due to the campaigning of the Democrat. I do not say it happened in that case, but we have both seen it in the case of both parties.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. COLLIER. I just want to make the observation that the party of the gentleman from Iowa has two members, and they have both been elected repeatedly. They are, in fact, "batting 1.000." No other political party can make that claim.

Mr. McCORMACK. They are here. They are nominal Republicans.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. HOFFMAN of Michigan. Conservative Republicans.

Mr. McCORMACK. Nominal Republicans. You are Republicans in name, anyway.

Mr. HOFFMAN of Michigan. So far as the gentleman is concerned, a curiosity.

Mr. BASS of Tennessee. They refer to the election in Texas as establishing a great trend. I read in the papers the same thing, referring to the special election in Tennessee. It happens that this district has not sent a Democrat to the Congress since the Civil War, but they say because they elected a Republican it established a national trend. The same thing happened in Texas.

Mr. McCORMACK. I am glad the gentleman brought politics in because I do not like to talk about politics myself, personally. There is no reason why a Republican Member should not be in duty bound to support the bill. In the last 8 years there have been five of these bills, five of them increasing the debt ceiling. One of these was to increase it from $275 billion permanent to $283 billion temporary. That occurred in the 83d Congress, Republican-controlled. The other increases, increasing it from $283 to $288 billion, from $285 to $295 billion, and from $285 to $293 billion, took place while we Democrats were in control of Congress.

We Democrats did not stand up in the well of the House and criticize President Eisenhower on those occasions. We were faced with a condition and not a theory. We supported President Eisenhower on each one of those occasions.

Reference has been made to the cost of government. I recognize the import of that argument, but we are living in a strange world. We are living in a world of great tensions where the direct threat is made to the existence of our form of government.

I can remember back in 1952, when former President Eisenhower in a speech at Peoria, Ill., said, and I quote:

> My goal, assuming that the cold war gets no worse, is to cut Federal spending to something like $60 billion within 4 years. Such a cut would eliminate the deficit in the budget and would make way for substantial debt and tax reduction.

Former President Eisenhower made that statement in good faith on that occasion. But what happened during the 8 years? Subsequently, conditions arose which he probably could not foresee and, instead of reducing expenditures, we find that expenditures for 1954 which were in the amount of $67,500 million rose to $80,900 million in the last year of his administration. So we, Democrats, supported President Eisenhower on five of the five occasions during the last 8 years when a resolution was introduced increasing the debt limit. Certainly, under these conditions our Republican friends ought to support this resolution.

In the second year of President Eisenhower's administration the debt limit was increased from $275 billion permanent limitation to $281 billion temporary. That was a $6 billion increase. This is somewhat comparable. When the budget was submitted last year by President Eisenhower in his last budget message,

we did not take into consideration the recession or the depth of the recession, which faces President Kennedy and which has had to be taken into consideration by him. So we are not talking politics because this is too serious—of course, we had a little byplay here and it was amusing and sometimes a little humor is a good thing, but talking seriously, we Democrats supported President Eisenhower who, of course, was my President but who, also of course, was the leader of the Republican Party. We supported him five out of five times during the 8 years of his administration 4 of them passed by Democratic controlled Congresses. We did it because we felt that responsibility in government called for such action. We did not stand in the well of the House to criticise him. We took the floor supporting him. I think on this occasion the least we can expect is that most of our Republican colleagues will support this resolution.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I would like to say to the distinguished majority leader, the gentleman from Massachusetts [Mr. MCCORMACK], that if my memory serves me correctly, something like 113 Democrats voted against the last extension of the debt ceiling, and I believe there were some 80 or 81 Republicans who voted against it. Not all the Democrats in the House voted for the last increase in the debt ceiling.

Mr. Chairman, the gentleman from Arkansas [Mr. MILLS] in his earlier remarks expressed concern about what the people of the world think if the House refused to raise this debt ceiling. Too many Members have been paying too much attention to what the people of the world might think, and too little attention to what the people of this country think, and how they are going to pay the debts that are being piled on them.

Mr. Chairman, this is an interesting day in the House of Representatives.

This is the day when the free wheeling spenders must face up to the facts of life and lay a still heavier yoke of debt upon the necks of the American people now living and those yet unborn.

This is also the day when some Republicans ought to pause and ask themselves why they and certain of their so-called leaders have not been fighting—in and out of Congress—this fiscal irresponsibility, the spending of billions of dollars beyond income which opens the door to inflation and is destructive of the welfare of American families dependent upon earnings and pensions.

Even as this increase in the Federal debt comes before us, we are witnessing today as in the past an attempt by the New Frontier planners to create a synthetic public opinion in favor of big spending programs. Emphasis at the moment is directed in favor of the annual multibillion-dollar foreign aid handout.

Those who have been in Congress for a few years are all too familiar with these theatrical performances, and we are also well aware that usually these attempted brainwashings are promoted and made possible through the use of public funds, gouged out of the pockets of the taxpayers.

The recent meeting for this purpose was held in Washington under the auspices of an outfit known as the National Conference on International Economic and Social Development. A few weeks ago newspaper and radio news editors were summoned to Washington in an attempt to indoctrinate them in the ways of the "planners."

There was a time when some of the citizens of this country may have been misled by these sham theatricals. Today, there is growing evidence that although more money is passing through their hands, Americans are acutely aware they can buy less with it. They are fast coming to understand that this synthetic prosperity is built upon the quicksands of borrowed money—upon deficit, debt, inflation—upon fiscal irresponsibility.

They do not know the technical details nor do they care about them. They do know that the so-called new economies of the New Frontier are not new, and that all the fine talk about restraint in Federal spending is meaningless and untrue.

If there are any doubters as to this statement they might take a look at the recent senatorial election in Texas where the voters had a clear-cut choice between liberals and conservatives, and these Texans made it completely clear they have had enough profligacy in the Federal Government.

Already more than half the value of our dollar has been eroded and is gone, and a continuation of unbalanced budgets and deficits will inevitable destroy what remains of the integrity of the dollar.

I propose that instead of increasing the debt ceiling, the Ways and Means Committee and the House give immediate consideration and approval to my bill to provide for mandatory balanced budgets and mandatory payments each year on the Federal debt.

By imposing upon the executive branch of Government a ceiling on spending beyond which it cannot go, Congress will have reestablished its constitutional authority to control the Federal purse.

As stated in the minority views of the gentleman from California [Mr. UTT] and the gentleman from Texas [Mr. ALGER], the present rubber debt ceiling is a gimmick to lend an aura of responsibility to what is fiscally irresponsible. The Bureau of the Budget is not deterred by a debt limit. It will not be deterred until Congress says, "It makes no difference how many bills are voted, the total of spending must not go above income."

Until Congress summons the courage to write the equivalent of these words into legislation, and make the legislation and the words stick, there will be a continuation of this phony business of temporary increases in the debt ceiling that become permanent.

(Mr. BECKER (at the request of Mr. BYRNES of Wisconsin) was given permission to extend his remarks at this point in the RECORD.)

Mr. BECKER. Mr. Chairman, in June of 1960 I said I would vote against increasing the national debt, temporary or otherwise. We were not in any state of emergency and the necessity was created by those who want to spend above the income of the Federal Government.

For years, I have been lending my voice and my vote against these vast spending bills, but without effect. However, now that the responsibility to pay these bills arises, I am asked to be fiscally responsible. This argument is fallacious. The spending goes on, deficits are created through sheer irresponsibility. When is this ever going to cease? When will the Congress say, place taxes for these programs if you want to spend? This would be the responsible way of doing things.

Therefore, again this year, billions are being authorized and appropriated above the national income, again requiring deficit spending, causing a request to again raise the debt limit. I have constantly, this year, voted against this spending bill, and therefore feel conscience bound to vote against the increase.

There must come a time, and I believe it is imminent, that someone put the brakes on. We are told today that the bills must be paid. Fine, then do not spent the money already authorized and I could understand the request. But I will not be a party to saddling untold billions on the backs of the children yet unborn and without any voice or vote. This policy I believe to be immoral. I cannot subscribe to it and must vote against it.

(Mr. KILBURN (at the request of Mr. BYRNES of Wisconsin) was given permission to extend his remarks at this point in the RECORD.)

Mr. KILBURN. Mr. Chairman, in the past I have voted to increase the debt limit on the theory that our defense appropriations had to be extra large because of the world situation. I realize that that sometimes necessitates an increase in the national debt.

However, with the present administration, we have a reckless spending program. For that reason I am voting against increasing the national debt in the hope that the present administration will be curbed in their excessive and reckless spending.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, I appreciate being allotted this time in order to express my views with regard to H.R. 7677, a bill to increase the public debt limit by a temporary addition of $13 billion for the fiscal year beginning July 1.

I should like to say first, Mr. Chairman, that prospects for a 1962 budget deficit are mounting. When President Kennedy sent his budget message to Congress last March, he suggested a deficit of $2.8 billion. However, his subsequent

spending proposals as transmitted to Congress have changed the picture. As I see it, the 1962 budget request will add up to $90 billion plus, with more to come. This is approximately $9 billion over President Eisenhower's 1962 budget. I understand that there is some indication of an upsurge in tax revenue. Nevertheless, the fiscal year now about to begin certainly will show a deficit of between $6 and $7 billion.

Mr. Chairman, if I were a member of the great Committee on Ways and Means I most assuredly would be a signatory to the separate views that appear in the report on H.R. 7677. I certainly agree with the minority members in their statement that the administration should immediately address itself to the urgent task of bringing order to our fiscal affairs instead of compounding them by massive spending programs.

Can anyone doubt, on the basis of spending proposals of the Kennedy administration and legislation in prospect, that Congress again next year will have to increase the debt dimit? Certainly the debt will go above $300 billion in 1962.

But I desire to address myself in particular at this time to the separate views of the minority concerning the public debt transactions financing of programs. As the Members of this body know, President Eisenhower had sought to avoid any new back-door financing, as well as to redirect existing back-door programs to the regular appropriations process.

As the minority views point up so clearly, the Kennedy administration's proposals would reverse this trend and shift from regular appropriations procedures to back-door financing huge costly new programs. Already, this shift was evidenced in the area redevelopment bill. This House last week acted on the Kennedy administration's $8,800 million back-door type of housing bill. Soon the Kennedy mutual security proposal calling for another $8 billion in back-door spending for loans for underdeveloped countries will be considered in the House. Thus, $20 billion in additional back-door spending in the first 5 months of the new administration, as pointed up in the minority views, indicate the trend.

Mr. Chairman, under special approval, I included at this point a record of public debt transactions since the beginning of back-door spending in 1932. This table shows year by year the balance of borrowing from the Federal Treasury at each year's end. It points up the growing use of back-door spending in the past so that presently the Treasury is compelled to carry the notes and obligations of various Government agencies to finance their programs, in the amount of $33 billion. Meanwhile, likewise, this table shows the unused balance of authority of these agencies to borrow from the Treasury, a total which has grown year by year and as of June 30, 1960, was approximately $26 billion.

Record of public debt transactions from June 30, 1932, to June 30, 1960

[In millions of dollars]

Fiscal year	Borrowings and other advances from Treasury	Unused balance of authority at end of year	Balance of borrowing from Treasury at yearend
1932	$350.0	$1,150.0	$350.0
1933	1,235.0	2,537.4	1,585.0
1934	1,670.0	7,570.7	3,255.0
1935	825.0	5,590.4	3,655.0
1936	865.0	4,586.9	4,030.0
1937	227.0	4,997.8	3,630.0
1938	345.0	5,783.8	882.7
1939	426.3	6,235.2	273.3
1940	641.8	6,874.3	104.3
1941	798.2	9,374.4	301.7
1942	4,178.3	18,868.4	4,078.7
1943	6,969.0	15,774.7	7,519.1
1944	7,615.0	15,156.8	10,717.3
1945	4,149.0	16,810.0	12,168.7
1946	3,553.1	24,527.1	12,504.9
1947	7,346.6	21,206.2	16,579.8
1948	5,505.0	15,166.8	9,122.7
1949	5,851.0	13,473.8	13,184.3
1950	4,031.7	16,991.4	14,756.8
1951	3,780.6	17,604.9	15,360.7
1952	2,739.2	21,326.7	15,854.1
1953	4,420.4	20,006.2	18,369.3
1954	5,398.4	20,738.4	19,067.4
1955	6,224.0	19,245.2	22,347.6
1956	5,273.1	17,979.9	26,172.8
1957	6,077.7	19,834.4	28,887.9
1958	7,301.7	25,197.4	28,019.2
1959	9,958.7	25,185.7	32,827.7
1960	6,733.6	25,734.0	33,068.4
Total	114,489.6		

It is obvious from these figures a great deal of our national debt is due to back-door spending. I might add that this debt would have been some $16 billion higher and not Congress canceled or forgiven $16 billion of such obligations in the past. Further, I might point out that the largest amount outstanding at the present time is the almost $13 billion owed to the Treasury by the Commodity Credit Corporation for its agricultural support program. Does any Member of the House seriously believe that this full $13 billion will ever be repaid? Of course it will not.

Now, Mr. Chairman, I suggest, too, that if a new $8 billion foreign aid bill is financed by borrowings from the Treasury, advances under that program will never be repaid. The back-door procedure in this case would be a device to draw money from the Treasury and to spend it without congressional scrutiny or control. It would simply put off into some future time the write-off as a bad debt of this $8 billion foreign aid transaction.

At some later time I expect to discuss that situation on the floor of this House, but meanwhile I simply want to associate myself with the strong criticism of the minority views of the way this administration is conducting its financial programs.

Now, as to the matter at hand, namely, the increase in the limitation on the public debt, I say that the $298 billion figure is unrealistic as far as the administration's massive spending programs are concerned. I say further that in my judgement, back-door spending has become a kind of racket, a subterfuge to avoid review of administration programs by the appropriations process and I repeat, too, that one of the major contributing factors in our huge national debt, as shown by the figures I gave earlier, is the device of back-door spending. Wherever the Committee on Appropriations has had the opportunity to scrutinize expenditures it has been able to weigh needs and urgency of various programs against the financial condition of the Nation and the amount of revenue available. Through back-door spending, on the other hand, we have pursued an irresponsible fiscal policy without congressional control.

Mr. Chairman, to bring to a halt this fiscal irresponsibility and restore some sensible procedures I had hoped to introduce a motion to recommit. This motion would have returned H.R. 7677 to the Committee on Ways and Means, with instructions to report it back forthwith with an amendment providing a limitation on the total of Federal agency obligations which the Secretary of the Treasury may hold at any one time. I had such an anti-back-door motion to recommit with instructions prepared and intended to seek recognition for the purpose of offering it. But in discussing such a course of action with the gentleman from Wisconsin [Mr. BYRNES] a distinguished member of the Committee on Ways and Means, he suggested this means of curbing back-door spending should be given more study to assure it would not disrupt existing programs, if a ceiling was placed on the Treasury to stop new schemes such as the foreign aid bill.

Incidentally, speaking of the debt ceiling, I have a list of various proposals by Members of the House to reduce the national debt. I shall not list them all, nor give the names of their authors, but certainly there is a large group of Members of the House who recognize the serious nature of the debt problem. These various bills relating to the limitation or reduction of the public debt offer various plans. One, for example, provides that with an increase of the net annual revenue of the country a percentage of it would go to the reduction of the national debt. Another bill directs the President to provide in his budget so as to reduce the national debt at an increasing percentage of the annual revenue of the United States. Another directs the President to include in his budget submitted to Congress each year a sum of not less than $2 billion to be applied toward reduction of the national debt. Still another plan would require a percentage of the budget receipts to go toward debt retirement.

Sometimes, I think it would be interesting to analyze the voting records of the authors of these bills to ascertain whether such sponsors of meritorious legislation practice what they preach. In other words, whether they vote for massive spending programs or really believe in economy is the important question. I know a number of those members do not support budget-busting programs, but I think the voters are entitled to know just how conscientious

each of us is in translating our words into deeds.

As far as my vote on the debt increase is concerned, I might say I voted against similar legislation to increase the debt limit last year. As I stated at that time, it was my one way of protesting against the spending policies that resulted in the need to increase the debt limit. If I had introduced a motion to recommit so as to include an anti-back-door-spending amendment in the bill, I would vote for this bill. Instead, I shall again express my opposition to back-door spending and reckless policies by voting against the increase in the debt limit.

Obviously, on a case-by-case basis, such as with the Housing bill, it is impossible to change the method of financing these back-door programs to the normal appropriations process. A simple resolution to end back-door spending, as members know, is bottled up in the Committee on Rules. A limitation on the amount of public debt transactions provides one way which could effectively curtail back-door spending. It might be a solution. But whether it is or is not, the time has come when public opinion should be alerted and for the American people to insist that their money, or the money that is borrowed in their behalf, not be spent except in consequence of a careful scrutiny and annual review only available through the appropriations process established in the Constitution.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Michigan.

Mr. GRIFFIN. I rise to compliment the distinguished gentleman from Washington and to commend him upon the great work he is doing in focusing the attention, not only of the Congress, but of the whole country on the back-door spending device and the great threat which it poses to our Nation.

Many of those who have argued here today in support of this bill have pleaded with great eloquence that Congress should begin to reexamine spending legislation to cut down on appropriations and to tailor expenditures. Of course, this could be done in the instances where spending must go through the annual appropriation procedure. But the gentleman from Washington has made an important point in calling attention to the fact many programs are financed through back-door spending, and in those cases where we do not have the opportunity year by year to examine appropriation requests and to pass upon appropriation bills. I understand that in those areas, there is some $26 billion of spending authority available which can be spent to incur more debt, without appropriation by the Congress. Therefore in the areas where back-door spending is utilized we do not have the opportunity to vote for or against appropriation bills nor to amend them and thereby trim proposed expenditures. In the areas where back-door spending has been authorized, the debt ceiling provides almost the only limitation; is that correct?

Mr. PELLY. The gentleman is absolutely right, and I might point out that there are records which will show that where the Committee on Appropriations has had an opportunity to scrutinize these various programs it has been successful in reducing the amount of the budget; whereas with the back-door spending approach spending has always exceeded the request of the President.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield further?

Mr. PELLY. I yield to the gentleman from Michigan.

Mr. GRIFFIN. I might add that both the administration and the leadership on the other side of the aisle could expect, in my opinion, much more support for the bill before us today if there were not this determined effort on their part to authorize more and more back-door spending.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I too want to commend the gentleman for the fight he has conducted against this back-door spending, and emphasize that those who do not like to have this called to the public's attention in rather typical fashion are now saying that the term "back door" is not descriptive of this kind of spending. Indeed, it is completely descriptive of this kind of spending. It is the kind of spending that the Congress loses control of through the Appropriations Committee.

I would say this: Some of this back-door spending is even more dangerous and insidious than that which the gentleman from Michigan [Mr. GRIFFIN] has pointed out, because some of it does not even come under and would not be handled by the debt limit or the amount of bonds we can market to pay for this debt. A lot of this is contingent liability, and as I pointed out in my remarks, the estimate of what the real debt is—that is, the real debt would be if we faced disaster and had to pay it—it would be around $500 billion to $750 billion, and not $298 billion.

Mr. PELLY. The gentleman is absolutely correct.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. DEVINE].

(Mr. DEVINE asked and was given permission to revise and extend his remarks.)

Mr. DEVINE. Mr. Chairman, I had no intention of speaking here today. I have no prepared remarks, but after listening to some of my colleagues I think there are some things that need to be said.

You know, the day on which the bill comes on the floor to increase the ceiling on the national debt is a red-letter day because many of the big spenders become conservative for that one day.

I am reminded of a law which we have back in my home State. There is a law on the books that makes it a crime to execute and deliver a check with insufficient funds. It is a crime to do that, and it is a felony. Here we are today with big spending programs having gone through Congress and our colleagues tell us we have an obligation to pay these obligations, when they have recklessly incurred these debts, without the money to pay for them. We did not have the money in the bank to start with. We have a national debt approaching $290 billion a year, and the interest is $9 billion a year. I broke that down one day to figure out what is cost, and I think it is about $18,000 a minute, just to finance the interest on the national debt.

It seems to me we are fast reaching a point in the not far distant future, whenever someone introduces a bill in the Congress of the United States and expects it to be enacted, he must introduce a companion bill providing the revenues rather than doing it by deficit spending. Congress is not a one-way street. The big spenders come in here wanting to increase the public debt obligation every year or two, when the Congress absolutely should be reducing the debt. Some people spell the word "progress" s-p-e-n-d.

I am not a Johnny-come-lately in this particular economy drive. My voting record has consistently been for economy in Government. I have testified before the Rules Committee of this great body requesting that all Members be required to answer to the roll on any appropriation bill. That bill, of course, died in the Rules Committee time and again.

I have been the author in the last session and again this session of a bill requiring the President, whoever he may be at any time, to apply 10 percent of the anticipated revenues each year to the systematic reduction of the national debt, not to increase the ceiling each year.

I think we must face up to our responsibilities. Let us not talk about President Truman or President Eisenhower or President Kennedy. The responsibility for appropriation measures is in the Congress of the United States. In placing responsibility, as our distinguished majority leader did here in his talk earlier this afternoon, I think it should be borene in mind that the Congress has been controlled by the majority party for 28 out of the last 32 years.

(Mr. SCHADEBERG (at the request of Mr. BYRNES of Wisconsin) was given permission to extend his remarks at this point in the RECORD.)

Mr. SCHADEBERG. Mr. Chairman, the Ten Commandments have served mankind as a guide in morals and ethics for many centuries. They need no explanation. They are clear and brutally frank. They cannot be misunderstood. Among these Commandments are two of which we are compelled to take note in our present circumstance. "Thou shalt not covet"—10th—and "Thou shalt not steal"—8th.

The policy of this great body of passing bills to provide material benefits for the present living generation and promises of greater benefits to each succeeding generation and at the same time placing the burden of paying for these benefits on generations yet unborn, is in my mind not merely a political issue nor a social or economic issue. It is a moral issue.

It is considered to be irresponsible for a person to consistently spend more than he earns. Some excuse could be made for him to spend beyond his income when he is a victim of unemployment, due to circumstances beyond his control, but it is unthinkable that he should neglect to seek to wipe out his debt or to live beyond his means when he is earning to the limit of his capacity.

No responsible person or institution involved in financing could possibly in conscience keep loaning him money which he, in turn, must secure from others and with which he is entrusted. What would the community think of an individual who kept spending and spending to please himself—living beyond his means—even if he did not possess as much as his neighbor—while mortgaging the income of his children to finance his spending spree to satisfy his selfish desires?

What can the American people—indeed, people of the world—think of a Nation which continues to spend more than it is assured it can receive in taxes? What can they think of a Nation that mortgages the income of generations yet unborn so that today it can live beyond its means?

Colleagues, to continue to follow the course of spending and then turn the bill over to our children to be paid is immoral. Think for a moment. Are we not coveting for ourselves what we cannot afford and then stealing from generations yet unborn what belongs to them? "Thou shalt not covet. Thou shalt not steal."

If we are to be a responsible body we can still vote down the $9 billion housing bill when it comes out of conference. We can pass a bill to raise our own taxes to pay for our spendthriftness. Besides this we can refuse to pass this bill to raise the debt and tailor the remainder of our programs to bring them within limits of the budget.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from Nebraska [Mr. BEERMANN].

(Mr. BEERMANN asked and was given permission to revise and extend his remarks.)

Mr. BEERMANN. Mr. Chairman, on February 22 this year, as a freshman Congressman, I had the honor of reading George Washington's Farewell Address on this floor.

Today, by way of commenting on the bill under consideration by this body, I would like to reread a portion of that address which may have been missed by my colleagues.

I am going to repeat part of one paragraph of the speech. I am simply going to say that President Washington was full of concern for this new Republic he had helped create and in the light of his age and experiences he was simply trying to point out a few things that might imperil this struggling Nation.

By way of this thought he poined out several things to avoid, among them foreign entanglements, despots seeking power and other dangers.

He then went on to say:

> As a very important source of strength and security, cherish public credit. One method of preserving it is to use it as sparingly as possible, avoiding occasions of expense by cultivating peace, but remembering, also, that timely disbursements, to prepare for danger, frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expense, but by vigorous exertions, in time of peace, to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burden which we ourselves ought to bear.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. BEERMANN. I yield to the gentleman from New York.

Mr. BECKER. I would like to compliment the gentleman for calling to the attention of the House the remarks of George Washington in those days, and to say simply this: It might be better if we adhered to his remarks even during this time. The tragedy of our day is that we have gotten so far away from the fundamental expressed by George Washington that we could use it well right now. I thank the gentleman for putting these remarks in the RECORD.

Mr. BEERMANN. I thank the genman from New York.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield to the gentleman from Nebraska [Mr. CUNNINGHAM].

(Mr. CUNNINGHAM asked and was given permission to revise and extend his remarks at this point.)

Mr. CUNNINGHAM. Mr. Chairman, I rise in opposition to this legislation which would further increase the debt limit. I have opposed these increases in the past. It has been stated on the floor that the Government must pay its bills and that is true. However, I have consistently voted against excessive spending and against the start of new nondefense spending programs. The majority of the Congress evidently felt differently about these programs and they have been adopted. Therefore, I do not hesitate to vote against this bill because I had nothing to do with the legislation which makes it necessary to increase the debt ceiling. Had the majority in the Congress voted as I did we would not have this legislation before us at this time. It is now their responsibility to vote for this legislation and be on record with the people throughout the country who will be hurt by the resultant inflationary effects. I consider my vote in opposition as a protest to this continual spending of money which we do not have.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this matter of the debt ceiling is becoming, I believe, our annual exercise in frustration. At this late date—5 days before the end of the fiscal year—there is no alternative available except to grant a further increase in the temporary debt ceiling. However, I would suggest that unless we do something about the excessive spending that creates the debt, it is not going to be next June that we are going to be back here asking for a further increase in the debt limit. Instead, we will probably be here in this coming January asking for an increase in the debt limit beyond what we are providing now. This danger of a further debt limits increase in a few months' time is before us because of all the grandiose spending schemes of the executive branch and of certain people in this Congress. If these schemes are carried out, we will not be able to keep up with the borrowing and the debts under the ceiling now in effect or proposed in this bill.

When I say that at this late date there is no alternative available, I would call your attention to the fact that on this Friday, which is the 30th, the debt ceiling under which the Treasury is authorized to borrow will go down to its permanent level of $285 billion. Yet, on this Friday, it is estimated our public debt will be at least $286 billion and closer to $289 billion. So where is the Treasury going to find the $4 billion that would be necessary to redeem the excessive debt that is outstanding? Where will you find the wherewithal to meet the bills that are presented on July 1?

Let me call your attention also to the fact that on July 15, a little more than 2 weeks from now, it is anticipated we will have to have an outstanding public debt approaching $291.6 billion. If we do not pass this bill and increase the public debt at least on a temporary basis today, where are we going to find $6.6 billion by July 15. There will not be any cash in the Treasury to take care of the excess debt over the permanent ceiling.

All I am pointing out is that this is truly an exercise in frustration because as of this date, as of this time, the only responsible action, frankly, is to provide for more debt because the bills which will be presented to the Treasury for payment must be paid. The only way to pay them is to go out and borrow the money with which to pay them. It is just as simple as that.

I think it is well, though, that on an occasion such as this, during the consideration of this legislation, we ask ourselves how we got into this situation? I would hope that as we examine our conscience as to why we got into this plight, we might make some resolution to mend our ways so that in the future we would not be faced with a similar situation.

Mr. Chairman, really, what we are doing today, judged by past experience, is in effect passing a tax bill. We talk about it in simple terms that all we are doing is increasing the capacity of the Government to borrow, but if you really look at what we are doing and what past action requires us to do, you will find we are passing a tax bill. Thus, today the Congress is given its annual opportunity to enact tax legislation increasing not the tax burden imposed on our present day taxpayers but instead authorizing an increase in the tax burden to be imposed on our children and their children as they reach adulthood and taxpayer status. We are today talking

about and acting on a tax increase for tomorrow.

As America goes into debt today we are committing the productivity of America's future to pay the cost of the past. By our willingness to be improvident and to tend to insolvency we are encroaching upon the future opportunity of tomorrow's citizens to decide the way in which the America of their day will utilize the goods and services that they create. Because we have been content to go into debt, they—the future Americans—will have to be content with less.

I submit, Mr. Chairman, that by engaging in deficit financing we are guilty of "taxation without representation" with respect to future generations—an act that is, indeed, alien to the history of Lexington and Concord and the sacrifices of Valley Forge. Are we less able than our national forebears to stand for the protection of liberty? Do we want our children to have less freedom than we have? These are questions that are inescapably involved in the issue of public indebtedness that is before us today and that is before us every time we vote on a bill authorizing public spending that we either cannot or will not pay for. If we support nonessential Government expenditures that result in debt, we are saying: "Yes, we care less for liberty than our forebears; we are willing for our children to have less freedom than we have."

Mr. Chairman, this is not the answer I support nor is it the answer of the citizens we represent. It is necessary that each generation provide for itself so as not to leave debts to encumber the freedom and opportunity of the next generation. We must regard our duty as legislators to include an obligation to safeguard our country against unwarranted debt just as we would against attack. Our duty as legislators requires not that we acquiesce in the demands of pressure groups nor that we accept the temporarily expedient course of countenancing fiscal intemperance. Our duty requires that the hard decisions be made with courage, logic, and wisdom. Our duty requires that we lead in formulating public opinion rather than becoming its servant. Our duty is the cause of freedom and our freedom is not license to neglect that duty.

We talk about making America strong for the future. We are not going to be making America strong for the future if we require that the production of that future be dedicated to pay the costs of today, costs that we were unwilling to assume.

Mr. Chairman, today the Congress is asked to respond favorably to a record peacetime recommendation for a debt ceiling. We are asked to authorize a potential $298 billion in public debt. We have no plans of which I have heard for paying it back; in fact, recent new spending schemes strongly suggest to me that we only have plans for making it bigger. From 1931 through fiscal year 1961—a period of 31 years—we have on only 6 occasions managed to pay our own way in a particular year. The other 25 years—more than 80 percent of the time—we have willfully decided to spend more than we could afford and we have had budgetary deficits. Do you know of any present plans to reverse that trend? I am sorry to say that I do not.

Mr. Chairman, who is going to pay off the debt that we have so willingly accumulated? Are we? I doubt it. The austerity and fiscal restraint necessary to achieve a succession of annual billion dollar surpluses seems beyond us, and yet even with debt retirement at the modest rate of $1 billion a year it would be the year 2251 A.D. before we would again be even with the board. That is a 64 percent longer period than the time that has elapsed since the founding of our country to the present. Could we go so long without once going into debt? Again, I doubt it. The pressures to spend more than we can afford will not subside until we demonstrate sufficient self-discipline to withstand those pressures. When we have the courage to say "No" to deficit financing, then, and only then, will the constant demands for bigger and new spending abate.

Our present debt currently costs the American people in interest or carrying charges alone approximately $9 billion per year. This cost of just maintaining the debt without a penny toward its reduction is 11 percent of our total budget; it is a larger expenditure item than we spend for veterans, agriculture, or atomic research and development—in fact, it is larger than we spend for any other single budget category except for defense. In only 3 of the 50 States in the Union—California, Illinois, and New York—is the total of Federal, State, and local taxes paid by all the citizens and all the businesses in the respective State of a magnitude equal to the $9 billion interest-cost item on the public debt. That is how much it costs us to have the debt without doing anything about debt retirement. It is my simple but sincere suggestion that the time is urgently at hand when we must act to make the debt smaller and not bigger.

Mr. Chairman, since 1935 our debt has increased more than tenfold and 16 times in the intervening period the Congress has acted to increase the authority for our Government to go deeper and deeper into debt. In peace as well as in war the Congress has been too willing to have today's bill paid for with tomorrow's taxes, presumably on the foolish theory that the next generation will have no need for use of its own tax dollars. Former President Eisenhower recently said that "continuing deficit financing is immoral." He went on to say, "I look in vain and with concern for fiscal responsibility in today's public affairs."

Today we are debating the question of whether or not to pass a bill authorizing a debt ceiling of $298 billion for one reason and one reason only. That reason is that we have spent too freely of that which we did not have last year, the year before, and for the past three decades; and the present ominous indications are that we are going to spend even more freely in the future. Based on the fiscal experience of the past 5 months and recent pronouncements reported in the press, I fear that our present Treasury officials have joined the ranks of the deficit spenders. I fear that our country is left without a "fiscal conscience" to advocate discipline and restraint in fiscal affairs unless we in the Congress will fill the void caused by the Treasury sellout. Just as business experience has proved the danger of putting the sales manager in charge of the credit department, so it is in Government that the spenders must not be allowed to claim the key to the Treasury as their own.

Mr. Chairman, it is high time that the Congress once again filled its traditional responsibility as controller of the public pursestring and as the evaluator of the national needs and priorities in authorizing spending programs within the framework of a balanced budget. It is a plausible but not practical theory that the spenders preach to the effect that our budget need only be balanced over a period of years and that annual deficits are of themselves good in times of economic recession. The fallacy in this theory is proved by the answer to the question, "Where are the spenders when the downturn is past and it is time to pay off the deficit with less spending and a budgetary surplus?" Tragically, experience has proved that they are still in the ranks of the spenders eagerly trying to devise new bureaucratic schemes in which to spend the added revenues. Economic theory is no substitute for sound principle and courageous determination when it comes to budget balancing.

My committee chairman suggested in his brief appropriate remarks that it would be fitting to have a reexamination of some of our spending if we are going to do anything about this debt, that we had better reorganize some of the authorizations that Congress has passed for new spending, that we reorganize old authorizations and old programs to see whether some cutting cannot be made so that we can tailor the garment to fit the cloth. I would suggest, Mr. Chairman, that that is long past due.

We do not have to look very far back to find one of the instances that will give rise to the need for this debt bill plus a further increase possibly next year. I refer to the housing bill that we passed just last Thursday. I think there are many Members of this House who can well examine their conscience who, knowing that this debt bill was coming up, did not even limit themselves to the authorization and expenditures that were recommended by their President; they had to go beyond their President. According to them, he was not asking Congress to spend enough. They had to add at least $1 billion to the cost of the housing bill that was sent up by the President; and I do not think anybody is going to accuse our President of being parsimonious in his requests for some of these programs, but apparently even what he asked was not enough to satisfy a majority in this Congress.

Mr. Chairman, in the past several months we have heard about many new Government programs to be undertaken for the first time which are in addition

to all the existing programs. This is the administration's formula whereby America is to spend itself rich, smart, and secure. We either have or are scheduled to have new farm programs, new relief programs, and new housing programs to which I just referred; we are to have Federal aid to education and brand new foreign aid. As we do these things through deficit financing, we weaken our national strength not only for the present but in the future as well. As we borrow to finance a Federal aid to education program, we are telling our children that they will have to pay for their own educations and that of their children. Every time we approve a new Federal program—while we have debt and deficits, we are asking our children to give it to us. We cannot be bountiful providers unless we pay our way; if we do not pay our way, we are parasites living on the productivity of the future.

Mr. Chairman, part of the fiscal story of how the administration proposes that America should spend itself rich, smart, and secure is found on pages 14 and 15 of the committee report. In table 2 on page 14 of the report we learn that in fiscal years 1961 and 1962 the administration would have us spend over $6 billion more than was proposed by the Eisenhower administration; the administration would have us convert a projected $1.6 billion surplus for the 2 fiscal years into a $6.2 billion deficit; the administration would have us add $6 billion to the debt and would increase new obligational authority—the license for the Government to spend in the future—by a staggering $11.8 billion. Table 3 on page 14 of the report discloses that for fiscal year 1962 the increase in new obligation authority requested by the Kennedy administration over that recommended by the Eisenhower administration is allocated 34 percent for major national security items and 66 percent for other purposes.

Mr. Chairman, if the added spending being urged by the administration were for necessary defense reasons that would be another matter. But table 3 on page 14 shows the spending increase largely is for purposes other than defense and table 4 on page 16 suggests some of the nondefense functions for which we will be spending. Not a single departmental appropriation bill for fiscal year 1962 has passed the Congress; we have no idea how much spending we are going to authorize. It is possible we will spend less than the President has proposed but I suspect that we may spend even more.

The point is that in the next 2 months in acting on authorization and appropriation bills, this Congress can effectively act to prevent the 87th Congress from being recorded in history as the one that authorized recordbreaking debt in peacetime because we were more willing to spend than to tax. As we complete our work on the appropriation bills, we can determine whether we are to be recordbreaking spenders.

The approval of the debt ceiling request of the administration cannot be construed to indicate approval of the spending proposals of this administration. A vote for the legislation before us today cannot be construed as approval of the debt and deficit financing policies of this administration. The truth of the matter is that even those of us who have been frugal and prudent in voting on spending are all too often called upon to pick up the tab for those who vote "yea" on every proposal to spend and vote "nay" on every proposal to pay the bill as their hypocritical token gesture toward fiscal respectability.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Indiana, the distinguished minority leader.

Mr. HALLECK. Mr. Chairman, I would like to associate myself with the gentleman in the position he has taken.

In the past I have supported these increases in public debt limitations. I have done so reluctantly and I shall do so reluctantly on this occasion. The gentleman from Wisconsin has ably pointed out that it will be interesting to see as the roll is called how some of the big spenders here in the House of Representatives vote on this resolution. I can understand that there is some justification for a Member who has voted against excessive and irresponsible spending in taking the position he is not going along with this sort of action as a protest vote. The gentleman has referred to the Housing bill that we had here last week. Anyone who voted for the billions that were put in that bill which were unneeded and unnecessary—but which in the debate it was indicated were put in there to get the votes to pass the bill—is hard put to explain a vote against the bill now before us. I do not see how anyone who voted for that housing bill could turn around and vote against this increase in the national debt which is necessary to pay the "rent" on the housing bill.

May I make this further observation. On this occasion, as in the past, I shall vote for this increase because, as I have heard from responsible people in our Government through the years, it would be unthinkable for the Government of the United States to default on its current obligations. It could mean chaos and a rough situation indeed both at home and abroad. Having that in mind, with the gentleman's permission, I would like to point out that there are bills coming to the floor of the House of Representatives having additional multibillion-dollar spending schemes that I do not think are justified. So I think it is high time that the people here in the House of Representatives, if they have any regard for the fiscal responsibility and leadership that we must provide, should do what I asked them to do when we had the debate here on the Housing bill last week, and that is to take a long, hard look at these various spending proposals before they vote to support them.

Mr. BYRNES of Wisconsin. I thank the gentleman and commend him for the contribution he has made to the debate today.

During the course of the hearings before the committee on this legislation, I made inquiry of administration witnesses as to what some of the new authorizations under the new programs in addition to those programs of Government that were in existence for the last fiscal year, would cost in terms of expenditures in the fiscal year 1962 that begins this coming Saturday.

I, in effect, inquired as to what we were adding on, in other words, in view of our debt picture to the cost of Government by way, not of enlargement of old programs or continuation of old programs, but just programs that require new authorizations, new action by the Congress. This information, as I previously indicated, is found on page 16 of the committee report in table 4 which was furnished by the administration spokesmen. Understand, this table does not include anything in the military field. I asked them for nonmilitary expenditures. You will find that the requests from the President, if enacted into law, will increase $2,035 million the expenditures in the immediate fiscal year just ahead that we still have some control over.

I am concerned, like some of the speeches made today expressed concern, about the debts that we incur. Let them take out their table on page 16 and they can find some places where they can save money and prevent some of this additional borrowing.

I call your attention to one item that is being discussed currently, elementary and secondary education, $500 million in just the next year.

Now, let the facts before us show this very clearly: We have no money. The Federal Government has no money from any of its revenue sources to pay a bill of $500 million for that Federal aid program. That is very clear. It has to be borrowed. Now, when that bill comes before us, you have your choice. You can increase your debt, the tax burden on your children, by $500 million just next year, or you can say "yes, we will spend it but we will not pay it," or you can say it is important enough to raise taxes. But, unless you are going to increase taxes to produce $500 million next year, you cannot pass an aid to education bill without going $500 million further into debt. That is just one of these programs, and there are others. And, I would ask my friends who are concerned about deficit spending and going further into debt to take table 16 just as a starting point, because every penny of that $2 billion increase in expenditures is going to be paid for with borrowed funds, because we do not have the money today to add any additional spending.

Mr. Chairman, as I said in the beginning, at this late date, with 5 days before the end of the fiscal year and the debt ceiling going down to $285 billion if we do not act, we have no alternative but to extend the temporary debt limit. It is because of the undeniable realities of the fiscal situation as it now exists that I shall certainly vote for this bill, because I think responsibility requires it. We cannot have the situation that would exist and the chaos that would result should we have a situation whereby bills were presented to the U.S. Treasury but they could not be honored because of insufficient funds. Chaos would develop

here and abroad if that day were ever to come to America.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Illinois.

Mr. ARENDS. I agree wholeheartedly with what the gentleman from Wisconsin has just now said. We are in this peculiar situation that requires us to vote for this debt ceiling increase because of the obligations that are outstanding as a result of excessive spending. But, certainly it seems to me that we have the right to wave the red flag and say these spending programs either stop or we start raising taxes to meet the obligations as they are incurred.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. We were in that position last year and the year before, and the year before.

Mr. BYRNES of Wisconsin. I agree with the gentleman. This expression of concern is a voice sometimes crying in the wilderness, and I agree it is a frustrating experience. That is why my first words were: This is an exercise in frustration.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Arkansas.

Mr. MILLS. The gentleman from Wisconsin was present in the Committee on Ways and Means, I believe, when I asked the Director of the Bureau of the Budget certain questions, and I guess if one would read a copy of the hearings, he might conclude that I engaged somewhat in lecturing the Director of the Bureau of the Budget.

Mr. BYRNES of Wisconsin. I think the gentleman did, although I think the lecture is needed here, too, to the Congress, because I do not put all of the blame for this on the executive branch.

Mr. MILLS. I do not at all. And, certainly, we lecture ourselves here daily, but I did want my friend to admit that the red flag has been held up in other places than just here about the future of this situation, and caution has been suggested. That is true, is it not?

Mr. BYRNES of Wisconsin. I think the gentleman is perfectly right. But, I would suggest that unless we have an Administration and a President, and unless we have a Congress, that are willing to recognize the caution light and act accordingly with restraint and commonsense, we are in for dire and dangerous consequences.

Mr. MILLS. I agree with the gentleman.

Mr. BYRNES of Wisconsin. If we see a red light we must either stop or expect a terrible collision. Such a catastrophe is coming just as surely as night follows day, unless we change our fiscal philosophy and our attitude toward debt and overspending in this country.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Iowa.

Mr. GROSS. The red flag was raised last Thursday here on the floor of the House.

Mr. BYRNES of Wisconsin. I agree with the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. BYRNES of Wisconsin. I yield to the gentleman.

Mr. GROSS. I wonder how many heeded the red flag? Some of those today who say we must increase the debt ceiling voted for the bill on last Thursday and some who say we must not increase the debt limit also voted for the housing bill last Thursday.

Mr. BYRNES of Wisconsin. I would suggest that people reading the record might like to turn to the CONGRESSIONAL RECORD of June 22, 1961, at page 10351, and they will find the rollcall on both the motion to recommit the housing bill to cut it down to be somewhat in line with the needs of the country, and they will also find the record vote on the final passage of that bill. I think on that rollcall they can draw some very firm conclusions. It might be well to compare voting records on that bill with voting records on this bill.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I would call attention to the fact that there has been no red flag apparently raised in the executive branch of the Government, either; no message to this Congress telling us to cut back on some of these programs. Quite the contrary. The last message, as I recall, on May 25, if I recall the exact date, came up here in my judgment as a very irresponsible document and suggested many very costly programs, but not one word was said about how we were going to pay for them.

This administration is committed to deficit financing, and I think if there are going to be red flags that mean anything we are going to have to raise them here.

Mr. BYRNES of Wisconsin. I thank the gentleman.

Mr. Chairman, this Congress has authorized spending and the executive branch has made commitments and obligations pursuant to contracts that must be paid, the bills for which will be presented during the next fiscal year. I regret to say the enactment of H.R. 7677 seems under present conditions to be an essential prerequisite to the payment of those bills.

Mr. ASHBROOK. Mr. Chairman, I am opposed to an increase in the debt limitation of the United States. I realize that we have bills and obligations of the country that must be paid. If the administration were serious about paying them, however, they would not have submitted such gigantic housing, foreign aid, depressed areas and other spending bills without tangible provisions for meeting their costs.

As a justification, we continually hear that there was a large deficit during 1958 and 1959 in the Eisenhower administration. Let me point out one difference, however, that is very significant. Everyone recognized at the time that the Eisenhower administration was endeavoring to cut expenditures. It was often criticized bitterly by the majority party for doing this. Deficits largely came because revenues fell below anticipated levels. That is considerably different than setting out on a deliberate policy of spending on top of spending which is what we have now. The Kennedy administration is not making any effort to cut expenditures. In fact, we have already had requests for increases in spending in 1961 and 1962 for $11.8 billion over the requests of the Eisenhower administration—this is the key. If, as in 1958, the revenues of the Government are curtailed because of recession, think of the condition the country will be in when coupled with the unbridled spending inclination of this administration.

We were told a few weeks ago that we had to extend the temporary excise taxes because there were obligations against the Government. We are now told the same thing in an effort to push through an increase in our debt limitation. It is about time that we come to recognize that taxes are extended and debt limitations are raised because of spending programs which are excessive, unreasonable and inopportune.

The time has come when we must act with responsibility. If the spenders would bring tax bills with them at the time they promote multibillion-dollar housing, foreign aid, depressed areas and other spending bills we could look with sympathy upon their protestations when the annual ritual of increasing the debt limitations is before us. This they do not have the courage and honesty to do. I do not intend to cast my vote in such a manner that it will make this annual action necessary and I oppose continually passing our obligations on to future generations. It is time we act with at least a little responsibility and if, as the majority party wants to do, we pass bill after bill which has a gigantic price tag on it, let us have the honesty to make the American people pay for it and not charge it off to the future, thus undermining our fiscal solvency and responsibility.

Mr. Chairman, this administration, I fear, is hopelessly committed to deficit spending. It is time that we raise a red flag and we could do it today by focusing attention on the unfortunate state of affairs in this country—that the Government has no money at a time when we want to spend billions on new and in most cases unadvisable programs—by turning down this request for raising our debt limitation.

Mr. GOODELL. Mr. Chairman, I shall vote against the temporary increase in the debt ceiling. I recognize that some increase is necessary this year and would vote for a sensible and reasonable amount requested by a fiscally responsible administration. An increase of $15 billion for the fiscal year 1962 is requested now only because this Congress has been irresponsible in expenditures. The money of our grandchildren and

generations yet unborn is pouring forth to feed political appetites without justification on merit. The administration now tells us that the economy is moving sharply upward and fiscal year 1962 promises prosperity. Under such circumstances, can we justify the degree of deficit financing requested today? I, in good conscience cannot and will protest with my vote.

Mr. JONES of Missouri. Mr. Chairman, I have listened with interest to the debate during this afternoon, and during my colloquy with Chairman MILLS during his opening statement, pointed out some of the reasons why I have felt justified over the years in voting against the principle of increasing the ceiling on the national debt. I can appreciate and understand the reasons advanced here today for voting for the bill, yet in view of the position I have taken in previous years, I feel that I would be most inconsistent if I voted to increase the ceiling merely because there has been a change in the administration. On the other hand I have been fairly consistent in voting against some of the programs and appropriations which have contributed to the increase in the debt. No one likes to vote for tax increases, but if a tax increase is necessary in order to avoid increasing the ceiling on the national debt, then I would have no difficulty in making that choice. For in increasing the national debt, we also increase the amount of interest that has to be paid annually on that debt, which in the long run means either one of two things; either greater taxes to pay off the debt including the additional interest, or a repudiation of the debt, and I pray that the latter may never happen.

Mr. Chairman, over the weekend, in preparing my weekly newsletter which is published in many of the newspapers in the 10th District, I discussed the situation in which we find ourselves today, and I would like to quote from that part of the newsletter since it expresses my views on this subject:

As Congress is being asked to raise the ceiling on the national debt by another $5 billion over the temporary debt limit of $293 billion, which expires on June 30, it is interesting to review the action of the past two decades.

As World War II ended, the ceiling on the national debt stood at $300 billion. On June 26, 1946, at President Truman's request the debt limit was lowered to $275 billion, where it remained throughout his term of office even during the Korean conflict.

Although President Eisenhower came into office pledging a program of economy, reduced taxes, and a cut in the national debt, he came before the Congress early in his term asking that the permanent debt ceiling be increased some $15 billion to $290 billion. It was in July 1953 that the House of Representatives honored the President's request and voted this increase. (Your Representative voted against this.) However, the Senate, more conservative at that time than at the present, took no action on this legislation until more than a year later. In August 1954 it voted a temporary increase of $6 billion, thereby raising the limit to $281 billion. A year later, again at President Eisenhower's request, the temporary increase was extended for another year to June 30, 1956.

Another year later, in July 1956 Congress voted a temporary increase of $3 billion with the stipulation that the permanent ceiling would revert on July 1, 1957 to $275 billion.

In February 1958 however, at the request of President Eisenhower the debt limit was increased temporarily to $283 billion, with an additional $5 billion temporary limitation, raising the total to $288 billion. Again in June 1959, at the request of President Eisenhower the permanent limitation was fixed at $285 billion, with a temporary increase of $5 billion, for a total of $290 billion, expiring on June 30, 1959, at which time the temporary increase was raised to $10 billion, for a total limitation of $295 billion, expiring on June 30, 1960.

On June 30, 1960, the temporary increase was extended in the amount of $8 billion, making the debt ceiling $293 billion with an expiration date of June 30, 1961.

Thus, it will be seen that at the end of the Truman administration the ceiling on the national debt was $275 billion, remaining at this figure from June 26, 1946, until August 28, 1954, the second year of the Eisenhower administration when a temporary increase of $6 billion was authorized. The peak of the debt ceiling was reached on July 1, 1959, when a temporary increase of $10 billion was added to the permanent ceiling of $285 billion, for a ceiling of $295 billion.

The question naturally arises, if Congress is going to continually raise or adjust the ceiling on the national debt, why have a ceiling? I think that is a good question, but I don't have, and have not heard what I consider a satisfactory answer. On the other hand, I have been hoping that sometime we could realize the cost of maintaining this national debt—approximately $10 billion a year. Just the interest on this national debt is costing the taxpayers more than the total cost of operating the Federal Government slightly more than 20 years ago. This is the thing that has brought on inflation which appears to be gaining more momentum with each passing year.

No less an authority than the Honorable CLARENCE CANNON, chairman of the Appropriations Committee, advises me that he estimates the deficit for fiscal year 1962, will be $5 billion. The interest on this increase alone will be about $200 million annually. There can be no hope of tax reduction as long as this trend continues, but you can be assured the cost of living index will continue to rise if this and succeeding Congresses do not assume more fiscal responsibility.

This fiscal situation was just one of several reasons why your representative voted against the housing bill, passed by the House late Thursday, 235 to 178, after a motion to recommit failed by 18 votes. Three Missourians were among the 39 Democrats who voted against this bill. The 40-year no-downpayment provision of the bill, mentioned in this column last week, was slightly amended by the author who offered an amendment cutting down to 35 years the period for repayment, and requiring a downpayment of 3 percent on the total cost, including closing costs. Among the other features of the bill which have caused me great concern is the fact that it provides a 4-year program, although there is nothing to prevent the commitment of all the loan and grant authority within the first year. In addition much of this authority involves back-door spending which means that the Government becomes obligated for payments which are not required to be approved by the Appropriations Committee, which in itself is one of the more dangerous policies in which Congress is becoming increasingly involved. Subsidized public housing is another feature which in my opinion has not been justified, and which is embarking this Nation on a wave of socialism which I believe a majority of our people do not approve.

Mr. MILLS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means. Are there any committee amendments?

Mr. MILLS. Mr. Chairman, there are no committee amendments.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. JENNINGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, pursuant to House Resolution 351, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

CALL OF THE HOUSE

Mr. JONES of Missouri. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 98]

Addabbo	Frelinghuysen	Osmers
Anfuso	Glenn	Passman
Ashmore	Grant	Pilcher
Ayres	Green, Oreg.	Pillion
Battin	Hall	Pirnie
Bennett, Mich.	Halpern	Powell
Blatnik	Hébert	Reifel
Blitch	Herlong	Roberts
Boykin	Holifield	Rogers, Colo.
Brooks, La.	Hosmer	St. Germain
Celler	Inouye	Santangelo
Coad	Kearns	Springer
Colmer	Keogh	Staggers
Cramer	Landrum	Stratton
Davis, James C.	Lindsay	Thompson, La.
	McVey	Van Pelt
Davis, Tenn.	Macdonald	Vinson
Dawson	May	Whalley
Fenton	Michel	Willis
Fino	Miller, George P	Wilson, Ind.
Flynt	Minshall	
Fogarty	O'Brien, N.Y.	

The SPEAKER. On this rollcall 374 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT UNDER SECOND LIBERTY BOND ACT

Mr. MASON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MASON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MASON moves to recommit the bill H.R. 7677 to the Committee on Ways and Means.

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 231, nays 148, not voting 58, as follows:

[Roll No. 99]

YEAS—231

Abbitt
Addonizio
Albert
Arends
Ashley
Aspinall
Avery
Bailey
Baker
Baldwin
Barrett
Bass, Tenn.
Bates
Beckworth
Belcher
Bennett, Fla.
Betts
Blatnik
Boggs
Boland
Bolling
Bonner
Brademas
Breeding
Brooks, Tex.
Buckley
Burke, Ky.
Burke, Mass.
Burleson
Byrne, Pa.
Byrnes, Wis.
Cahill
Carey
Chelf
Chenoweth
Clark
Cohelan
Conte
Cook
Cooley
Corbett
Corman
Curtis, Mo.
Daddario
Daniels
Davis, John W.
Delaney
Denton
Diggs
Dingell
Donohue
Dooley
Downing
Doyle
Dulski
Dwyer
Edmondson
Elliott
Ellsworth
Everett
Evins
Fallon
Farbstein
Fascell
Feighan
Finnegan
Flood
Ford
Fountain
Frazier
Friedel
Gallagher
Garmatz
Gary
Gathings
Giaimo
Gilbert
Granahan
Gray
Green, Pa.
Griffin
Griffiths
Hagan, Ga.
Hagen, Calif.
Halleck
Hansen
Harding
Hardy
Harris
Harrison, Va.
Harvey, Mich.
Hays
Healey
Hébert
Hechler
Hemphill
Henderson
Holifield
Holland
Holtzman
Ichord, Mo.
Ikard, Tex.
Jarman
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones, Ala.
Judd
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Kilday
King, Calif.
King, Utah
Kirwan
Kluczynski
Kornegay
Kowalski
Kunkel
Lane
Lankford
Lesinski
Loser
McCormack
McDowell
McFall
McMillan
Machrowicz
Mack
Madden
Magnuson
Mahon
Mailliard
Marshall
Mathias
Matthews
Meader
Merrow
Miller, Clem
Mills
Monagan
Montoya
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nix
Norblad
Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Patman
Perkins
Peterson
Pfost
Philbin
Pike
Poage
Powell
Price
Pucinski
Quie
Rabaut
Rains
Randall
Reuss
Rhodes, Pa.
Riehlman
Riley
Rivers, Alaska
Rivers, S.C.
Rodino
Rooney
Roosevelt
Rostenkowski
Roush
Ryan
Saund
Schneebeli
Scranton
Seely-Brown
Selden
Shelley
Shipley
Sibal
Sisk
Slack
Smith, Iowa
Smith, Miss.
Smith, Va.
Spence
Stafford
Steed
Stubblefield
Sullivan
Teague, Calif.
Thomas
Thompson, N.J.
Thompson, Tex.
Thornberry
Toll
Trimble
Tuck
Udall
Ullman
Vanik
Van Zandt
Wallhauser
Walter
Watts
Westland
Wickersham
Yates
Young
Zablocki
Zelenko

NAYS—148

Abernethy
Adair
Alexander
Alger
Andersen, Minn.
Anderson, Ill.
Andrews
Ashbrook
Auchincloss
Baring
Barry
Bass, N.H.
Becker
Beermann
Bell
Berry
Bolton
Bow
Bray
Brewster
Bromwell
Broomfield
Brown
Broyhill
Bruce
Cannon
Casey
Cederberg
Chamberlain
Chiperfield
Church
Clancy
Collier
Cunningham
Curtin
Curtis, Mass.
Dague
Dent
Derounian
Derwinski
Devine
Dole
Dominick
Dorn
Dowdy
Durno
Findley
Fisher
Forrester
Fulton
Garland
Gavin
Goodell
Goodling
Gross
Gubser
Haley
Harrison, Wyo.
Harsha
Harvey, Ind.
Hiestand
Hoeven
Hoffman, Ill.
Hoffman, Mich.
Horan
Huddleston
Hull
Jensen
Johansen
Jonas
Jones, Mo.
Kilburn
Kilgore
King, N.Y.
Kitchin
Knox
Kyl
Laird
Langen
Latta
Lennon
Lipscomb
McCulloch
McDonough
McIntire
McSween
MacGregor
Martin, Mass.
Martin, Nebr.
Mason
Michel
Miller, N.Y.
Milliken
Minshall
Moeller
Moore
Moorehead, Ohio
Mosher
Nelsen
Nygaard
O'Konski
Ostertag
Pelly
Pillion
Poff
Ray
Reece
Rhodes, Ariz.
Robison
Rogers, Fla.
Rogers, Tex.
Roudebush
Rousselot
Rutherford
St. George
Saylor
Schadeberg
Schenck
Scherer
Schweiker
Schwengel
Scott
Sheppard
Short
Shriver
Sikes
Siler
Smith, Calif.
Stephens
Taber
Taylor
Teague, Tex.
Thomson, Wis.
Tollefson
Tupper
Utt
Weaver
Wels
Wharton
Whitener
Whitten
Widnall
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Wright
Younger

NOT VOTING—58

Addabbo
Alford
Anfuso
Ashmore
Ayres
Battin
Bennett, Mich.
Blitch
Boykin
Brooks, La.
Celler
Coad
Colmer
Cramer
Davis, James C.
Davis, Tenn.
Dawson
Fenton
Fino
Flynt
Fogarty
Frelinghuysen
Glenn
Grant
Green, Oreg.
Hall
Halpern
Herlong
Hosmer
Inouye
Kearns
Keogh
Landrum
Libonati
Lindsay
McVey
Macdonald
May
Miller, George P.
O'Brien, N.Y.
Osmers
Passman
Pilcher
Pirnie
Reifel
Roberts
Rogers, Colo.
St. Germain
Santangelo
Springer
Staggers
Stratton
Thompson, La.
Van Pelt
Vinson
Whalley
Willis

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Pirnie for, with Mr. Alford against.
Mr. Ayres for, with Mr. Ashmore against.
Mr. Lindsay for, with Mr. colmer against.
Mr. Keogh for, with Mr. Fino against.
Mr. Stratton for, with Mr. Van Pelt against.
Mr. Fogarty for, with Mr. Cramer against.
Mr. Anfuso for, with Mr. Hall against.
Mr. Reifel for, with Mr. Hosmer against.
Mr. Addabbo for, with Mr. James C. Davis against.
Mr. Inouye for, with Mrs. Blitch against.
Mr. Santangelo for, with Mr. Passman against.

Until further notice:

Mr. Libonati with Mr. Battin.
Mr. George P. Miller with Mr. Halpern.
Mr. Pilcher with Mr. Osmers.
Mr. Willis with Mr. Whalley.
Mr. Thompson of Louisiana with Mr. Fenton.
Mr. Staggers with Mr. Bennett of Michigan.
Mr. Roberts with Mr. Glenn.
Mr. St. Germain with Mr. Springer.
Mr. Macdonald with Mr. McVey.
Mr. Flynt with Mr. Frelinghuysen.
Mr. Herlong with Mrs. May.
Mrs. Green of Oregon with Mr. Kearns.

Mr. ICHORD of Missouri changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. MCGOWAN, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6713) entitled "An act to amend certain laws relating to Federal-aid highways, to make certain adjustments in the Federal-aid highway program, and for other purposes."

HOUSE RESOLUTION 328, DISAPPROVING REORGANIZATION PLAN NO. 5 PROVIDING FOR REORGANIZATION OF THE NATIONAL LABOR RELATIONS BOARD

Mr. HOFFMAN of Michigan. Mr. Speaker, in 1888, the Congress created the Labor Department to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

Employers' abuse of their economic power and the use of the "yellow dog" contracts, which barred employment if the applicant was a member of a union, led to the enactment of the Wagner law in 1935.

The purpose was to diminish the causes of labor disputes burdening interstate and foreign commerce by granting to employees the right to organize, bargain collectively, engage in concerted activities promoting their overall welfare.

The act created a National Labor Relations Board, whose duty it was to implement the act and aid employees and unions in exercising the special privileges granted.

The act and the Board administering it failed to protect the rights of employers who created employment and met payrolls to such an extent that today labor organizations exercise far more power than do employers or their associations.

Labor organizations have grown so wealthy and so powerful that during the Roosevelt administration, it became necessary for one political party to clear the vice presidential nomination with labor's Sidney Hillman before a nomination could be made.

More recently, labor organizations, because of their wealth, through the exer-

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only should not be quoted or cited)

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For actions of June 27, 1961
87th-1st, No. 107

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HIGHLIGHTS: Senate committee adopted substitute for title I of farm bill. House received conference report on housing bill. Senate passed general Government matters-Commerce appropriation bill. Senator Lausche criticized farm program.

SENATE

1. FARM PROGRAM. The "Daily Digest" states that the Agriculture and Forestry Committee "continued its executive consideration of S. 1643, proposed Agricultural Act of 1961, and, by a vote of 9 to 8, adopted a substitute for title I of the bill. The new title I would provide for consultation by the Secretary of Agriculture with national farm organizations, commodity organizations, and other interested groups, to determine if new programs are required, and would provide for the submission of legislation to the Congress if new legislative authority were needed. This substitute would also extend the National Wool Act for 3 years." p. D508

Sen. Lausche charged that "the Congress has placed the American farmer in a Federal straitjacket and now is tightening that stricture with a constant expansion of farm controls," and stated that the feed grains program "places an economic tool in the hands of the Federal Department of Agriculture to force signup and compliance. The farmer who elects not to sign up and to retain his

freedom faces price depressing action by the Department through dumping on the market of surplus grain." pp. 10548-9

2. GENERAL GOVERNMENT MATTERS-COMMERCE APPROPRIATION BILL, 1962. Passed with amendments this bill, H. R. 7577. Conferees were appointed. pp. 10589, 10597-615

As passed, the bill includes $27,400,000 for financing forest highways out of trust funds. Also, it includes the general provisions applicable to the Government generally as included in the bill as passed by the House (see Digest 98). The bill also includes items for the Budget Bureau, Council of Economic Advisers, Census Bureau, Bureau of Public Roads, Weather Bureau, Advisory Commission on Intergovernmental Relations, Small Business Administration, and Tariff Commission. The committee report includes the following statements:

Budget Bureau. "The committee recommends an appropriation of $5,571,000, an increase of $148,000 over the House bill, and $149,000 under the amended budget estimate. The reduction of $149,000, the restoration of which was not requested, related to certain public works planning activities ($139,000) and $10,000 for travel not allowed in the House bill. No restoration of the $139,000 House reduction for public works planning staff was requested."

Weather Bureau. "The committee's recommendations include $594,500 proposed in the House report but for which additional funds were not allowed for Arkansas, Missouri, Mississippi, and Tennessee, southwest Georgia, southeast Alabama, and northwest Florida; lower western Michigan; lower Rio Grande Valley, Tex.; Oregon; and New Jersey. The recommendation also includes $68,500 for Idaho and $75,000 for northeastern West Virginia, south-central Pennsylvania, northern Virginia, and central and western Maryland for agricultural weather services; $200,000 for improved fire-weather forecasting services in certain western areas; $65,000 for improved weather facilities at Concordia, Kans.; $70,000 for restoration of weather forecasting services at Elkins, W. Va.; $30,000 for 24-hour weather services at Flagstaff, Ariz.; and $110,000 for weather services at Hanksville, Utah."

3. PUBLIC DEBT. The Finance Committee reported without amendment H. R. 7677, to increase the public debt limit by $13 billion for a temporary period ending June 30, 1962 (S. Rept. 472). pp. 10536, 10615

4. FOURTH SUPPLEMENTAL APPROPRIATION BILL, 1961. Passed without amendments this bill, H. R. 7712 (pp. 10559-66). This bill will now be sent to the President. The bill does not include any items for this Department.

5. LIBRARIES. The Judiciary Committee reported without amendment S. 464, to grant the consent of Congress to interstate compacts for the development or operation of library facilities and services (S. Rept. 450). p. 10536

6. TRANSPORTATION. The Commerce Committee reported an original bill, S. 2154, in lieu of H. R. 6775, to provide for the operation of steamship conferences (S. Rept. 473). pp. D508, 10536

The Commerce Committee voted to report (but did not actually report) S. 320, to amend the provisions of part II of the Interstate Commerce Act relative to the registration of State certificates whereby a common carrier by motor vehicle may engaged in interstate and foreign commerce within a State. p. D508

Began consideration of S. 1725, to permit the establishment of through service and joint rates by carriers serving Alaska or Hawaii and the other States and to establish a joint board to review such rates. pp. 10585-9

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87TH CONGRESS, 1st Session | SENATE | REPORT No. 472

PUBLIC DEBT LIMIT

JUNE 27, 1961.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 7677]

The Committee on Finance, to whom was referred the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. SUMMARY OF BILL

H.R. 7677 provides for a temporary addition of $13 billion in the debt limitation. The present permanent statutory debt limit is $285 billion. In the last 2 fiscal years, however, there have been two temporary 1-year additions in this debt of $10 billion and $8 billion, respectively. This bill provides a temporary addition of $13 billion for the period from July 1, 1961, to June 30, 1962. The recent and proposed debt limitations can be summarized as follows:

[In billions]

	Actual		Proposal under bill, fiscal year 1962
	Fiscal year 1960	Fiscal year 1961	
Permanent statutory debt limit	$285	$285	$285
Additional temporary statutory debt limit	10	[1] 8	[2] 13
Combined permanent and temporary debt limit	295	293	298

[1] A $2,000,000,000 decrease from 1960 level.
[2] A $5,000,000,000 increase from 1961 level.

This bill is recommended by the administration.

71582—61

II. GENERAL STATEMENT

The present permanent limitation on the public debt, provided by the Second Liberty Bond Act, as amended, is $285 billion. (This permanent ceiling first became effective June 30, 1959. The prior permanent ceiling of $283 billion was established in 1958.) In addition, for the period from July 1, 1959, to June 30, 1960, there was a temporary 1-year addition to the statutory debt limitation of $10 billion and for the period from July 1, 1960, to this June 30, a temporary 1-year addition to the debt limit of $8 billion. As a result, in the fiscal year 1960 the statutory debt limit was $295 billion, in the current fiscal year is $293 billion, and on June 30, 1961, but for this bill, would revert to the permanent limitation of $285 billion. Table 1 shows the permanent and temporary debt limitations since 1945.

On June 30, 1960, the debt subject to the statutory debt limitation amounted to $286.1 billion and it has been estimated by the Treasury Department that the public debt on June 30 of this year will amount to about $289 billion.[1]

The Secretary of the Treasury in his appearance before your committee stated:

> * * * I believe that a temporary increase in the debt limit to $298 billion is essential to the orderly and economical management of the Government's finances, and I earnestly recommend its prompt approval by the committee.

TABLE 1.—*Statutory debt limitations*

[In billions]

Calendar year of change	Statutory debt limitation		
	Permanent	Temporary additional	Total
1945	$300		$300
1946	275		275
1954	275	$6	281
1956	275	3	278
1957	275		275
1958	283	5	288
1959	285	10	295
1960	285	8	293
1961 (proposed)	285	13	298

NOTE.—For details see table in app. A.

There are several factors which need to be taken into account in setting the statutory debt limit: the seasonal variation in the timing of receipts and expenditures, the annual surplus or deficit in the balance of budgetary revenues and expenditures, the size of the cash balance,[2] and the leeway allowed to cover contingencies. The estimates, or assumptions, made by the Treasury with respect to each of these factors are shown in table 2 and are discussed below. The last column in table 2 shows the minimum debt limit needed, based upon the assumptions as to the four factors. It will be noted that the maximum required debt limit is expected to be reached on January 15,

[1] On table 2, which is presented later, the debt as of June 30, 1961, is shown as $286.4 billion, but this is on the basis of an assumed cash balance of only $3.5 billion. The actual cash balance on June 30 is expected to be about $5½ billion.

[2] Operating balance in Federal Reserve banks and depositories (excluding free gold).

1962, when the level is forecast at $297.9 billion, or approximately the $298 billion, which is $13 billion above the permanent debt limit of $285 billion. Chart 1 shows the anticipated statutory debt for the fiscal year 1962 in comparison with the actual statutory debt for the past 6 years.

TABLE 2.—*Forecast of public debt outstanding, fiscal year 1962, based on constant operating cash balance of $3,500,000,000 (excluding free gold)*

[Based on assumed budget deficit of $3,700,000,000] [1]

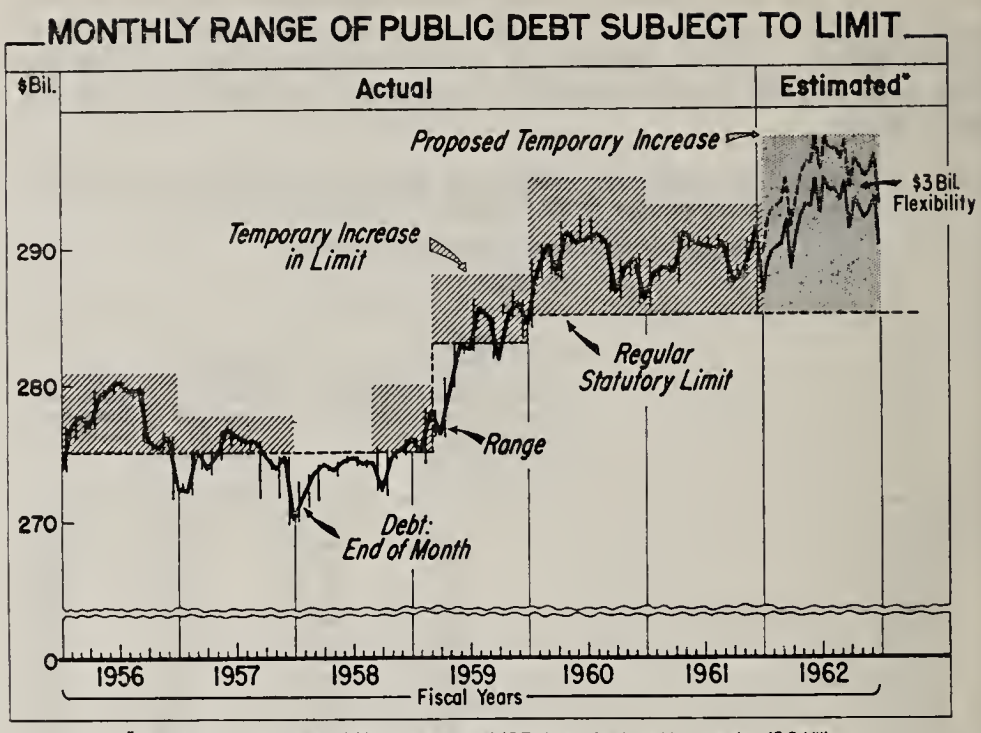
[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required [2]
1961—June 30	$3.5	[3] $286.4	$3.0	$289.4
July 15	3.5	286.8	3.0	291.6
July 31	3.5	289.6	3.0	292.6
Aug. 15	3.5	289.9	3.0	292.9
Aug. 31	3.5	290.1	3.0	290.1
Sept. 15	3.5	291.9	3.0	294.9
Sept. 30	3.5	288.2	3.0	291.2
Oct. 15	3.5	290.7	3.0	293.7
Oct. 31	3.5	292.2	3.0	295.2
Nov. 15	3.5	293.0	3.0	296.0
Nov. 30	3.5	292.8	3.0	295.8
Dec. 15	3.5	294.9	3.0	297.9
Dec. 31	3.5	292.4	3.0	295.4
1962—Jan. 15	3.5	294.9	3.0	297.9
Jan. 31	3.5	294.0	3.0	297.0
Feb. 15	3.5	294.1	3.0	297.1
Feb. 28	3.5	293.2	3.0	296.2
Mar. 15	3.5	294.7	3.0	297.7
Mar. 31	3.5	291.2	3.0	294.2
Apr. 15	3.5	293.4	3.0	296.4
Apr. 30	3.5	292.7	3.0	295.7
May 15	3.5	292.9	3.0	294.9
May 31	3.5	291.3	3.0	295.3
June 15	3.5	293.6	3.0	296.6
June 30	3.5	290.1	3.0	293.1

[1] Assumes estimated budget revenues of $81,400,000,000 and estimated expenditures of $85,100,000,000.
[2] From July 1, 1960, to June 30, 1961, the statutory debt limit is $293,000,000,000. Thereafter, but for this bill, it would revert to $285,000,000,000.
[3] Because the actual operating balance on June 30, 1961, is expected to be $5,500,000,000, the public debt subject to limitation will be about $289,000,000,000 on that date.

Source: U.S. Treasury Department.

CHART 1



*Estimate based on assumed 1962 budget deficit of $3.7 billion. Semimonthly; assuming $3.5 billion operating balance excluding free gold.

Office of the Secretary of the Treasury B-1374-3-2

1. *Seasonal variation.*—The seasonal variation in the size of the debt is attributable to differences in the timing of the receipt of revenues and the making of expenditures by the Federal Government. The greater variation in this respect occurs in the timing of revenues, a disproportionately large portion of which are received in the forepart of the calendar year. Table 3 (last column) shows the variation in receipts which have occurred in the current year. Although for the fiscal year 1961 the beginning debt of $288.6 billion and anticipated ending debt of $289 billion are only $400 million apart, the debt on February 15, 1960, was $290.5 billion, or $1.5 billion above the anticipated ending balance. Even on May 31 the debt still remained $1 billion above the expected closing balance. For the fiscal year 1962 a seasonal variation of $4.8 billion is included in the Treasury estimates. This is shown in the last column of table 2 which reflects a debt for January 15, 1962 ($297.9 billion), $4.8 billion above the ending balance of $293.1 billion.

TABLE 3.—*Actual cash balance and public debt outstanding, July 1960–May 1961*

[In billions]

	Operating balance, Federal Reserve banks and depositaries (excluding free gold)	Public debt subject to limitation
1960—July 15	$7.4	$288.6
July 31	6.2	288.1
Aug. 15	4.8	287.5
Aug. 31	5.1	288.4
Sept. 15	3.0	288.3
Sept. 30	7.5	288.2
Oct. 15	3.6	287.2
Oct. 31	5.9	290.2
Nov. 15	4.1	289.9
Nov. 30	5.0	290.2
Dec. 15	2.7	290.0
Dec. 31	5.7	290.0
1961—Jan. 15	3.4	289.9
Jan. 31	3.8	289.8
Feb. 15	3.7	290.5
Feb. 28	5.3	290.3
Mar. 15	2.8	290.0
Mar. 31	4.0	287.3
Apr. 15	1.7	288.4
Apr. 30	2.9	287.8
May 15	4.0	288.8
May 31	4.4	290.0

NOTE.—From July 1, 1960, to June 30, 1961, the statutory debt limit is $293,000,000,000. Thereafter, but for this bill, it would revert to $285,000,000,000.

Source: U.S. Treasury Department.

2. *Deficit in revenue-expenditure balance.*—The Secretary of the Treasury in his appearance before your committee estimated that there would be a deficit for the fiscal year 1962 of $3.7 billion, assuming all of the revenue and expenditure estimates of the President are enacted. This figure is reflected in the debt limit forecast in table 2 in that the ending debt of $293.1 billion is $3.7 billion above the beginning debt of $289.4 billion. The $3.7 billion deficit is based upon the following estimates of budgetary revenues and expenditures:

	Billion
Expenditures	$85.1
Revenues	81.4
Deficit	3.7

Table 4 shows the more detailed expenditure estimates on which the above expenditure total of $85.1 billion is based. This table shows the estimates appearing in the budget presented on January 16 by the last administration, together with the two revisions made by the present administration in these estimates. The $85 billion, shown in table 4 as the current expenditure estimates, excludes any amount for the expansion of the civil defense program as recommended by the President. Therefore, the administration representatives increased this $85 billion by $100 million to reflect the expenditure requirement of this program, as well as other contingencies. The expenditure figures presented above assume the enactment of the President's recommendations with respect to postal rates. If this is not done, it is estimated that the deficit will be $4.4 billion rather than $3.7 billion.

TABLE 4.—*Budget expenditures by major agency for the fiscal year 1962*

[In millions]

Department or agency	Jan. 16, 1961, estimate	Mar. 28, 1961, estimate	May 25, 1961, increases	Total
Legislative branch and the judiciary	$203	$207		$207
Executive Office of the President	92	92		92
Funds appropriated to the President:				
Mutual security—economic and contingencies	1,875	1,875	$75	1,950
Other	75	175		175
Independent offices:				
Atomic Energy Commission	2,680	2,670		2,670
Federal Aviation Agency	730	743		743
National Aeronautics and Space Administration	965	1,050	330	1,380
Small Business Administration	98	98	88	186
U.S. Information Agency	138	146	2	148
Veterans' Administration	5,369	5,404		5,404
Other	436	456		456
General Services Administration	496	498		498
Housing and Home Finance Agency	728	942		942
Department of Agriculture	5,782	6,440		6,440
Department of Commerce	566	614	19	633
Department of Defense (military):				
Military functions	42,910	43,800	100	43,900
Military assistance	1,750	1,650	50	1,700
Department of Defense (civil)	984	1,021		1,021
Department of Health, Education, and Welfare	4,005	4,798		4,798
Department of the Interior	873	906		906
Department of Justice	294	296		296
Department of Labor	223	654	60	714
Post Office Department	63	63		63
Department of State	345	351		351
Treasury Department:				
Interest	8,593	8,693		8,693
Other	1,095	1,120		1,120
District of Columbia	66	66		66
Allowance for contingencies	100	100		100
Subtotal	81,532	84,926	724	85,650
Deduct interfund transactions	667	667		667
Total	80,865	84,259	724	84,983

NOTES

1. Mar. 28 figures include reestimates of expenditures under the Jan. 16 program as well as new proposals of present administration.
2. Excludes amount for expansion of civil defense program.
3. Excludes certain small modifications proposed by the President between Mar. 28 and May 25 which will affect 1962 expenditures by a smaller amount than the allowance for contingencies.
4. Detail may not add to totals because of rounding.

Source: Bureau of the Budget.

The Secretary of the Treasury in his appearance before your committee indicated that the receipt level of $81.4 billion for the fiscal year 1962 was this low primarily because it still will reflect the recession, although recovery is already underway. This is expected to occur because the corporate tax revenues which will be available in the fiscal year 1962 will be based upon corporate profits of the present calendar year which includes the lowest point in the recession. To a lesser extent this is also true of individual income tax collections, to the extent they exceed collections from withholding and payments with declarations of estimated tax.

For the fiscal year 1961 the Secretary of the Treasury indicated that a deficit of $3 billion is now expected. This is based upon:

	Billion
Expenditures	$81.2
Revenues	78.2
Deficit	3.0

Table 5 shows the more detailed estimates upon which the above expenditure total of $81.2 billion is based. This total is about $500 million above the estimated total previously presented to the House. This $500 million is largely attributable to additional Department of Defense expenditures now expected.

TABLE 5.—*Budget expenditures by major agency for the fiscal year 1961*

[In millions]

Agency	Jan. 16, 1961, estimate	Mar. 28, 1961, revision		
		Revisions in estimates for January program	Administrative actions and program changes	Total
Legislative branch and the judiciary	$208	−$8		$200
Executive Office of the President	61	+11		72
Funds appropriated to the President:				
Mutual security—economic and contingencies	1,675	+50		1,725
Other	43	−10	+25	58
Independent offices:				
Atomic Energy Commission	2,660			2,660
Federal Aviation Agency	640	−10		630
National Aeronautics and Space Administration	770	−50		720
Small Business Administration	77			77
U.S. Information Agency	125			125
Veterans' Administration	5,314	+86		5,400
Other	468	+15	+24	507
General Services Administration	442	−42	+20	420
Housing and Home Finance Agency	544	−30	+11	525
Department of Agriculture	5,739	−343	+411	5,807
Department of Commerce	511			511
Department of Defense (military):				
Military functions	41,500	+761	+239	42,500
Military assistance	1,700	−200		1,500
Department of Defense (civil)	986	+14	+15	1,015
Department of Health, Education, and Welfare	3,716		+28	3,744
Department of the Interior	785	−10	+10	785
Department of Justice	285			285
Department of Labor	295	+33	+564	892
Post Office Department	786	+140		926
Department of State	260			260
Treasury Department:				
Interest	8,993			8,993
Other	965			965
District of Columbia	48	−6		42
Allowance for contingencies	25			25
Subtotal	79,621	+401	+1,347	81,369
Deduct interfund transactions	676			676
Total	78,945	+401	+1,347	80,693
Additional expenditures (largely Department of Defense) now anticipated				500
Total				81,193

NOTE.—Detail may not add to totals because of rounding.

Source: Bureau of the Budget.

For the fiscal year 1963 the Secretary of the Treasury looks for a sharp rise in revenues, as has occurred in other recovery periods, with the "* * * reasonable expectation that we will be able to present a budget for the fiscal year 1963 in which receipts exceed expenditures." He pointed out that this is in accord with the statement of the President in his message on budget and fiscal policy of March 24, 1961:

> Federal revenues and expenditures * * * should, apart from any threat to national security, be in balance over the years of the business cycle—running a deficit in years of re-

cession when revenues decline and the economy needs the stimulus of additional expenditures, and running a surplus in years of prosperity, thus curbing inflation, reducing the public debt, and freeing funds for private investment.

3. *Cash balance.*—In arriving at the statutory debt limit proposed, the cash balance was assumed by the Treasury to be at the level of $3.5 billion throughout the year. In this respect it was suggested that this actually is a rather low working balance for an operation as large as that of the Treasury and subject to such sharp fluctuations in receipts and expenditures. It was pointed out that such a balance would cover only a little over half of an average month's budget expenditures, which represented a lower ratio of cash holdings to expenditures than is maintained by most business corporations.

Table 3, which shows the cash balances at half-month intervals, for the fiscal year 1961 indicates that this balance has ranged from $7.5 billion down to $1.7 billion but has averaged closer to $5 billion than to $3.5 billion.

4. *Leeway for contingencies.*—A fourth factor is the leeway required for contingencies. The Treasury estimate makes allowance for $3 billion to cover contingencies, such as variations in economic levels, which can have an important effect on either the revenue or expenditure side of the budget. This $3 billion margin for contingencies is the same as was used in the estimates presented last year. In addition to covering various contingencies, this will provide greater flexibility in debt management, since it will remove the necessity of waiting until obligations are matured before new issues intended as replacements are issued.

III. APPENDIX

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation

Sept. 24, 1917:	
40 Stat. 288, sec. 1, authorized bonds in the amount of	[1] $7, 538, 945, 400
40 Stat. 290, sec. 5, authorized certificates of indebtedness outstanding (revolving authority)	[2] 4, 000, 000, 000
April 4, 1918:	
40 Stat. 502, amending sec. 1, increased bond authority to	[1] 12, 000, 000, 000
40 Stat. 504, amending sec. 5, increased authority for certificates outstanding to	[2] 8, 000, 000, 000
July 9, 1918: 40 Stat. 844, amending sec. 1, increased bond authority to	[1] 20, 000, 000, 000
Mar. 3, 1919:	
40 Stat. 1311, amending sec. 5, increased authority for certificates outstanding to	[2] 10, 000, 000, 000
40 Stat. 1309, new sec. 18 added, authorizing notes in the amount of	[1] 7, 000, 000, 000
Nov. 23, 1921: 42 Stat. 321, amending sec. 18, increased note authority to outstanding (establishing revolving authority)	[2] 7, 500, 000, 000
June 17, 1929: 46 Stat. 19, amending sec. 5, authorized bills in lieu of certificates of indebtedness; no change in limitation for the outstanding	[2] 10, 000, 000, 000
Mar. 3, 1931: 46 Stat. 1506, amending sec. 1, increased bond authority to	[1] 28, 000, 000, 000
Jan. 30, 1934: 48 Stat. 343, amending sec. 18, increased authority for notes outstanding to	[2] 10, 000, 000, 000
Feb. 4, 1935:	
49 Stat. 20, amending sec. 1, limited bonds outstanding (establishing revolving authority) to	[2] 25, 000, 000, 000
49 Stat. 21, new sec. 21 added, consolidating authority for certificates and bills (sec. 5) and authority for notes (sec. 18). Same aggregate amount outstanding	[2] 20, 000, 000, 000
49 Stat. 21, new sec. 22 added, authorizing U.S. savings bonds within authority of sec. 1.	
May 26, 1938: 52 Stat. 447, amending secs. 1 and 21, consolidating in sec. 21 authority for bonds, certificates of indebtedness, Treasury bills, and notes (outstanding bonds limited to $30,000,000,000). Same aggregate total outstanding	[2] 45, 000, 000, 000
July 20, 1939: 53 Stat. 1071, amending sec. 21, removed limitation on bonds without changing total authorized outstanding of bonds, certificates of indebtedness, bills, and notes	[2] 45, 000, 000, 000
June 25, 1940: 54 Stat. 526, amending sec. 21, adding new paragraph: "(b) In addition to the amount authorized by the preceding paragraph of this section, any obligations authorized by sections 5 and 18 of this Act, as amended, not to exceed in the aggregate $4,000,000,000 outstanding at any one time, less any retirements made from the special fund made available under section 301 of the Revenue Act of 1940, may be issued under said sections to provide the Treasury with funds to meet any expenditures made, after June 30, 1940, for the national defense, or to reimburse the general fund of the Treasury therefor. Any such obligations so issued shall be designated 'National Defense Series'."	[3] 4, 000, 000, 000

See footnotes at end of table, p. 10.

Debt limitation under sec. 21 of the Second Liberty Bond Act as amended—History of legislation—Continued

Feb. 19, 1941: 55 Stat. 7, amending sec. 21, limiting face amount of obligations issued under authority of Act outstanding at any one time to	[2] $65,000,000,000
Eliminates separate authority for $4,000,000,000 of National Defense Series obligations.	
Mar. 28, 1942: 56 Stat. 189, amending sec. 21, increased limitation to	[2] 125,000,000,000
Apr. 11, 1943: 57 Stat. 63, amending sec. 21, increased limitation to	[2] 210,000,000,000
June 9, 1944: 58 Stat. 272, amending sec. 21, increased limitation to	[2] 260,000,000,000
Apr. 3, 1945: 59 Stat. 47, amending sec. 21 to read: "The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate $300,000,000,000 outstanding at any one time."	[2] 200,000,000,000
June 26, 1946: 60 Stat. 316, amending sec. 21, adding: "The current redemption value of any obligation issued on a discount basis which is redeemable prior to maturity at the option of the holder thereof shall be considered, for the purposes of this section, to be the face amount of such obligation." and decreasing limitation to	[2] 275,000,000,000
Aug. 28, 1954: 68 Stat. 895, amending sec. 21, effective Aug. 28, 1954, and ending June 30, 1955, temporarily increasing limitation by $6,000,000,000 to	[2] 281,000,000,000
June 30, 1955: 69 Stat. 241, amending Aug. 28, 1954 act by extending until June 30, 1956, increase in limitation to	[2] 281,00,000,0000
July 9, 1956: 70 Stat. 519, amending act of Aug. 28, 1954, temporarily increasing limitation by $3,000,000,000 for period beginning July 1, 1956, and ending June 30, 1957, to	[2] 278,000,000,000
Effective July 1, 1957, temporary increase terminates and limitation reverts, under act of June 26, 1946, to	[2] 275,000,000,000
Feb. 26, 1958: 72 Stat. 27, amending sec. 21, effective Feb. 26, 1958, and ending June 30, 1959, temporarily increasing limitation by $5,000,000,000	[2] 280,000,000,000
Sept. 2, 1958: 72 Stat. 1958, amending sec. 21, increasing limitation to $283,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation	[2] 288,000,000,000
June 30, 1959: 73 Stat. 156, amending sec. 21, effective June 30, 1959, increasing limitation to $285,000,000,000, which, with temporary increase of Feb. 26, 1958, makes limitation on June 30, 1959	[2] 290,000,000,000
Amending sec. 21, temporarily increasing limitation by $10,000,000,000 for period beginning July 1, 1959, and ending June 30, 1960, which makes limitation beginning July 1, 1959	[2] 295,000,000,000
June 30, 1960: 74 Stat. 290, amending sec. 21, for a period beginning on July 1, 1960, and ending June 30, 1961, temporarily increasing limitation by $8,000,000,000	[2] 293,000,000,000

[1] Limitation on issue.
[2] Limitation on outstanding.
[3] Limitation on issues less retirements.

C

Calendar No. 441

87TH CONGRESS
1ST SESSION

H. R. 7677

[Report No. 472]

IN THE SENATE OF THE UNITED STATES

JUNE 27, 1961

Read twice and referred to the Committee on Finance

JUNE 27, 1961

Reported by Mr. BYRD of Virginia, without amendment

AN ACT

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on July 1, 1961, and ending on June 30, 1962, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), shall be temporarily increased by $13,000,000,000.

Passed the House of Representatives June 26, 1961.

Attest: RALPH R. ROBERTS,
Clerk.

Calendar No. 441

87TH CONGRESS
1ST SESSION

H. R. 7677

[Report No. 472]

AN ACT

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

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JUNE 27, 1961

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For information only; should not be quoted or cited)

Issued June 29, 1961
For actions of June 28, 1961
87th-1st, No. 108

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HIGHLIGHTS: Both Houses agreed to conference report on housing bill. Rep. Young, Ohio, urged Federal aid for migratory farm workers. Rep. Miller criticized allocation of sugar quota for Philippines. Rep. Breeding introduced and discussed bill to extend present soil bank contracts.

SENATE

1. HOUSING; FARM LOANS. Both Houses agreed to the conference report on S. 1922, the omnibus housing bill (pp. 10701-9, 10742-4, 10747-8, 10753-81). The Senate rejected, 42 to 47, a motion by Sen. Bush to recommit the conference report with instructions to the Senate conferees not to exceed the Administration's requests for authorizations (pp. 10754-79). This bill will now be sent to the President. See Digests 95 and 107 for items of interest to this Department.

2. PUBLIC DEBT. Passed without amendment H. R. 7677, to increase the public debt limit by $13 billion, from $285 billion to $298 billion, for a temporary period ending June 30, 1962. This bill will now be sent to the President. pp. 10740-2, 10792-801

3. VETERANS' LOANS. Agreed to the House amendment to H. R. 5723, to extend the veterans' guaranteed and direct home loan program. This bill will now be sent to the President. p. 10781

4. TRANSPORTATION. Passed without amendment S. 2154, to provide for the operation of steamship conferences. pp. 10786-8

5. FARM LABOR. Sen. Young, Ohio, expressed concern over the conditions of migratory farm workers, urged enactment of legislation to provide a program of Federal assistance for such workers, and inserted an article, "Migrant Workers' Plight." pp. 10733-4

6. WATER POLLUTION. The "Daily Digest" states that conferees "agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 6441, Federal Water Pollution Control Act Amendments." p. D521

7. HORSEMEAT IMPORTS. The Finance Committee voted to report (but did not actually report) with amendment H. R. 4591, to continue through June 30, 1962, the suspension of duties on metal scrap with an amendment "so as to include text of S. 1718, to place horsemeat on the free list." p. D516

8. SURPLUS COMMODITIES; FOREIGN TRADE. Sen. Bennett expressed concern over his "understanding that the Department of Agriculture will utilize the Public Law 480 program to sell certain surplus farm commodities to foreign lands for dollars which will be used to purchase lead and zinc for a supplemental Government stockpile." He stated that he had been advised that the administration will soon enter into an agreement with Canada for the barter of U. S. wheat for Canadian lead. p. 10748

9. EDUCATION. Sen. Bennett urged enactment of legislation to continue the program of Federal assistance to schools in federally impacted areas. p. 10748

10. FARM MACHINERY; FOREIGN AFFAIRS. Sen. Keating urged the public to again contribute money for the purchase of farm tractors to send to Cuba in exchange for prisoners. p. 10734

11. LEGISLATIVE PROGRAM. Sen. Mansfield announced that today, June 29, the calendar will be called and S. 1154, the educational exchange bill, will be considered. pp. 10781-2

HOUSE

12. APPROPRIATIONS. By a vote of 412 to 0, passed without amendment H. R. 7851, the Defense Department appropriation bill for 1962. pp. 10672-98

13. SUGAR. Rep. George P. Miller criticized the USDA handling of Philippine sugar quotas, contended that quotas which should have been allocated to the Philippines were allocated to India and Brazil, and inserted an article, "Sugar Deal Sours Filipinos -- United States Woos India, Spurns Loyal Ally." He said "action was taken against the Philippines ... without due process of law." pp. 10710-1

14. EDUCATION. The Education and Labor Committee voted to report (but did not actually report) H. R. 7904, to extend and improve the National Defense Education Act. p. D518

Rep. Rodino said that his bill H. R. 4351, authorizing $17.5 million annually to provide for national defense scholarships, should be included in H. R. 6774, to amend the National Defense Education Act of 1958. p. 10723

position to tailor the assistance to the particular needs of the citizens of your States and to determine what minimum standards of service are appropriate. What is being done in Philadelphia, San Francisco, and Chicago may not satisfy the needs of New England communities.

A great rail network does not topple under a single blow. Our railroads have suffered some cruel blows as a result of inequitable regulatory and promotional policies, unfair taxation, and, at times, predatory and inept management. Still they live. That does not mean they can live forever, or even survive another generation. Like an old neglected house, decay proceeds by almost imperceptible degrees. Our rail network, if ever lost or severed, cannot be reconstructed except at a fanastic cost. Time will not permit the idle building of dream substitutes. Elementary prudence forbids the construction of substitute facilities that would destroy the character and impair the utility of the cities they are supposed to serve. Reorganization procedures are not the lamp that will lead railroads out of the darkness of despond. The lamp can only be lit by the courage, toil, imagination, and cooperation of all interested groups.

SEGREGATION AND THE "STRIFE RIDERS"

Mr. JOHNSTON. Madam President, I wish to bring to the attention of the Senate one of the most shameful happenings I have read about in a long time. I refer to a United Press International news item originating in Chicago which reports that a jeering mob of Chicagoans forced 80 Negro fire refugees from a Chicago church which had offered them shelter after their home had been destroyed.

In South Carolina we practice segregation, but never in history has anything like this ever happened in my State. Should any Negro residents ever be burned out of their homes, I can safely say that neighboring South Carolina white people would be more than happy to shelter them in their church and would not revert to mob violence and throw them out on the streets.

The reason I bring this matter to the attention of the Senate is because a large number of the so-called freedom riders who are traipsing across the South today stirring up strife originated from the Chicago area where this act of violence occurred. It would be well for the freedom riders to go back to Chicago and clean up their own backyard and teach their own people something about humanitarianism. The people of the South, while practicing segregation, have never turned on one another in times of distress and acted in such a repugnant and un-Christian-like way. To the contrary, in times of crisis the whites and Negroes of the South have always rallied together to overcome whatever difficulty is besetting them.

I hope the strife-riders and troublemakers who are harassing the South because of the South's belief in segregation will look back with shame on happenings such as this in the North and do something in their own back yard to uplift themselves before they start throwing rocks at other people in this Nation.

It is obvious that if this occurrence had taken place anywhere in the deep South, there would have been ravings and rantings by northern spokesmen and demands that the Attorney General send out troops or marshals to quell the violence. But since it happened in Chicago, one of the homes of the strife-riders, the wire services saw fit to give only a few paragraphs to the story and, of course, it was found buried on one of the inside pages of this morning's Washington Post.

In all honesty, I think this tragic occurrence received more publicity than it actually deserves. Similar agitation movements in the South and minor racial incidents in other parts of the Nation have been grossly overplayed by the press, giving undue prominence to the incidents and resulting in embarrassment to our Nation.

There are problems such as this arising in every nation; and no people, so long as one looks different from the other or acts differently from the other, will ever be free from some sort of friction. The press can make a mountain out of a molehill, but unfortunately the American press does more of this than does the press of other nations, so our problems are always the ones which are magnified.

I ask that the article entitled "80 Negroes Forced From Haven in Church," taken from the Washington Post and Times Herald of this morning, be placed in the RECORD immediately following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EIGHTY NEGROES FORCED FROM HAVEN IN CHURCH

CHICAGO, June 21.—The American Red Cross today said a shouting, jeering crowd of white persons forced the removal of 80 Negro fire refugees from the Chicago church that had offered them shelter.

The Red Cross said the disturbance took place last night at the Holy Cross Lutheran Church in a predominantly white neighborhood on Chicago's south side.

Eighty Negro residents of the old Douglas Hotel had been made homeless by a fire. Red Cross volunteers took them to the church, a few blocks from the home of Mayor Richard J. Daley.

Mrs. Albert H. Constien, wife of the church pastor, said the crowd assembled shortly after the fire victims arrived at the church and "threatened to destroy the church if we didn't get the Negroes out of the building."

John M. Angle of the Red Cross said: "Red Cross people at the scene said there seemed to be some chance of ugliness developing and the Red Cross decided that the people would be taken elsewhere. It was our decision but it was taken at the suggestion of the minister."

"We were very surprised when this happened," Mrs. Constien said. "There has been no racial trouble in this area. We had no idea the neighborhood would act like this. I can't repeat any of the words they used." The refugees were taken to a Negro church."

SS "HOPE"

Mr. SCOTT. Madam President, SS *Hope*, a good-will vessel of the highest order, is now completing its mission to southeast Asia. During the past 7 months this ship has treated disease and disability, taught medicine and generally worked toward improving the lot of mankind in Indonesia.

The Review of Towanda, Pa., recently carried an editorial on the subject of this important project, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Towanda (Pa.) Review, June 15, 1961]

MERCY MISSION TO VIETNAM

The good ship SS *Hope* steams into the Vietnamese port of Saigon on Thursday, June 15, for a 4-month medical mission that could not have come at a more propitious time. With Vietnam reeling under the forces of internal subversion, this evidence of American helpfulness may be more persuasive in putting the Vietnamese people on the side of the free world than military assistance.

The hospital ship is on the final leg of its year-old good-will mission to southeast Asia. During 7 months in the waters off Indonesia, the *Hope's* basic medical team of 15 physicians, 24 nurses, 30 medical technicians, and others earned the respect and friendship of the Indonesian people and of their government. This hard-working staff of volunteers held 800 classes and lectures, treated 17,000 patients, performed 700 major surgical operations, and greeted 30,000 shipboard visitors.

It will cost $3.5 million to operate the *Hope* for 1 year, exclusive of the $2 million in mutual security funds that were used to refit the 15,000-ton onetime Navy hospital ship. All the operating funds are being privately raised through solicitations of corporations, labor groups, and individuals. The Project Hope organization would like to send still more ships on medical teaching missions to Africa and South America if the necessary funds are forthcoming.

The Senate eased the way for a stepup in this type of mercy mission by adopting a resolution, June 1, supporting the establishment of a white fleet. The President would have authority to establish such a fleet—to rush assistance to disaster areas as well as to carry on a regular program of technical and medical assistance and training—whenever he feels that it would further U.S. foreign policy. That time is right now if the reaction of one beneficiary of the *Hope* project mission is typical. The mayor of Sumbawa, an island in the Indonesia archipelago, told one of the ship's staff: "This is the first time foreigners came to Sumbawa who did not come to steal our rice. We will never forget what you have done."

TRIBUTE TO THE LATE GEORGE H. BENDER

Mr. BRIDGES. Madam President, I have been a Member of this body for 25 years and I have had the privilege of being associated with many fine Americans. I do not know of any period in our history when there were before the U.S. Congress more pressing and more critical problems than has been the case during this quarter-century. These problems have taxed not only the minds of Americans but their physical being in our democartic attempt to arrive at solutions best for our national welfare and our common good in our relations with foreign governments.

During part of this period there was among us a very fine, intelligent and dedicated citizen. I refer to George Bender, the late Senator from Ohio. His passing a few days ago brought to my mind the many critical problems he was called upon to help resolve during his service in the House of Representatives and later in the U.S. Senate.

George Bender's devotion to his State and his Nation was for the most part his life. He deeply believed in the principles of our Republic and fought vigorously day in and day out for them, never veering from his great love of our way of life. He was a very strong and ardent Republican, but first he was an American.

George started his interest in public affairs at a very early age—in fact, 16—and he pursued it with vigor. The people of his senatorial district recognized his efforts by sending him as their representative to the Ohio State Senate. Later, the citizens of his congressional district adopted him as their own and sent him to the U.S. Congress. Then, in tribute to his energy, his ability and his devotion to their American interests, the voters of Ohio decided they wanted him in the U.S. Senate. Here he served with great distinction.

All I can say is that I am saddened at his passing. I appreciated his friendship and I know that the American people are grateful to Mrs. Bender and his family for his and their interest and effort in public affairs over the years. To Mrs. Bender and his children, Mrs. Bridges and I extend our sincere sympathy.

Mr. MANSFIELD. Madam President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEBT LIMIT EXTENSION

Mr. MANSFIELD. Madam President, I ask unanimous consent that the unfinished business, H.R. 7677, be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate resumed the consideration of the bill.

Mr. McCLELLAN. Madam President, the pending business, H.R. 7677, the proposal to increase the public debt limit, as recommended by the administration, is further evidence of the need for improvement of the fiscal functions of the legislative branch in order to enable it to perform its constitutional obligation to control Federal expenditures.

The Committee on Government Operations, of which I have the honor to be chairman, has reported and the Senate has approved legislation to create a Joint Committee on the Budget, with adequate staff and facilities to enable the Congress to eliminate unnecessary expenditures which have brought about deficit spending and necessitated constant increases in the public debt ceiling.

On March 28, 1950, prior to the introduction of legislation designed to effect improvement of the fiscal procedures of the Congress in the 81st Congress, I submitted to the Senate, on behalf of the Committee on Government Operations, a report on "Increasing Cost of the Federal Government," which was authorized to be printed as a Senate document—Senate Document No. 150.

At that time I warned the Congress that, unless some action were taken to provide adequate machinery to enable the Congress to halt unnecessary Federal expenditures and annual deficits, the national debt would reach astronomical totals. Specifically, I point out that—

> With a $5½ billion deficit for the present fiscal year and another deficit for fiscal 1951 of about the same amount or more, it is obvious that without greatly increasing taxes we cannot possibly meet already established obligations and ever balance the budget again, unless we are willing to dispense with some of the governmental services that are now provided, discontinue some programs we are now supporting, and drastically reduce the cost of others.
>
> In view of our present fiscal difficulties which present an almost insurmountable obstacle * * * instead of pursuing a course of action calculated to correct this condition, we are being asked to enact a multitude of new laws, to expand further existing governmental services and programs, and to create additional and new obligations that will increase the cost of the Federal Government within the next few years to some $65 billion or more.
>
> As this session progresses, I hope the situation which I described will grip the attention and interest of many other Members of Congress, and will help to arouse and awaken all of us to a keener sense and appreciation of our duties and responsibilities. Furthermore, I hope it will cause us to hesitate—yes, more, to refuse—to legislate a program piling additional Government costs in terms of billions of dollars annually on the already heavily and burdensomely taxed American citizens.
>
> This tremendous rising cost of operating the Federal Government is indicative of a fixed, permanent trend that cannot be ignored or remain unchallenged. Its significance demands of us who have the legislative responsibility for the American people that we remedy this condition and take the necessary action to reduce now, insofar as it is reasonably possible and practical to do so, present expenditures that are authorized by existing laws. But more, it is a warning of compelling force against our proceeding with reckless indifference to enact more and more laws expanding present governmental services and instigating new programs creating additional governmental obligations that will add billions annually to the already swollen costs of Government that are now having to be met by deficit spending in excess of $5 billion annually. To pursue such a course and continue such unsound fiscal policies will be imprudent, destructive to our economy, and imperil our national solvency.
>
> As a result of the Government living beyond its income, the national debt is rising again. Our national debt reached its lowest figure of $251,245,889,052.02 on June 27, 1949. Since that date, in less than 9 months' time, the national debt has increased by $5 billion, or in round numbers to $256 billion.
>
> If we do not stop passing laws calling for more and more spending, there is neither prospect nor hope for revenues to ever again overtake or equal expenditures. We can stop it. This Congress can stop that trend both by reducing appropriations for the next fiscal year and by deferring action on or passage of many bills that are now pending in the Congress that would produce large, increased expenditures. I sincerely hope that we will have both the wisdom and courage to do our statesmanlike and patriotic duty in meeting the exigencies of the situation.

Madam President, I was sadly mistaken. Instead of those measures and the course we were following being destined to increase the cost of the Federal Government to $65 billion annually, the cost has been increased to more than $80 billion annually. We are now confronted with comparably the same situation. The Congress is passing numerous bills, taking on new obligations, expanding programs in existence, which results in a continually increasing cost to the Federal Government. Madam President, we are moving swiftly toward an annual budget of $100 billion. We are moving toward a national debt in excess of $300 billion.

Since 1951, when the Committee on Government Operations first proposed legislation to provide for more effective evaluation of the fiscal requirements of the executive agencies by creating a Joint Committee on the Budget, the annual budget has increased $36 billion to $85 billion for fiscal year 1962, or an increase of nearly $5 billion annually over the 10 years that have elapsed since this legislation was first proposed. Since 1954, the statutory debt limitation has also risen from $275 billion, through temporary increases, to $293 billion. A further temporary increase of $5 billion is now proposed.

In another 4 or 5 years—possibly in 3 years—we may be asked to increase the national debt limit another $5 or $10 billion.

Madam President, in its report to the Senate the Committee on Government Operations has pointed out repeatedly that, unless the Congress takes affirmative action to restore its control over the purse strings, these recurring deficits and increases in the national debt will continue. This will inevitably result, unless it is stopped, in a corresponding loss of confidence on the part of those who look to the United States for world leadership and by the American taxpayers who look to the Congress to maintain national solvency.

Estimated expenditures for all operations of the Federal Government for the next fiscal year, including funds required to support the new programs proposed or to be initiated by the present administration, as well as continuing programs approved by previous Congresses, will have reached a peak of $85 billion. It is further estimated that, unless some constructive action is taken to stop this trend through the full evaluation and analysis of all expenditures of the Federal Government, its ramifications, activities and operations, an annual budget of $100 billion will be reached by the year 1965, or possibly earlier. This compares to the prediction I made, in 1950, that

the annual budget would reach a figure of $65 billion within the next few years, which some considered to be too high an estimate at that time.

I submit that the Congress must accept a part of the blame for the constant increase in the cost of the Federal Government, by its refusal to establish the necessary machinery to fully evaluate all Federal spending programs, to determine whether they are serving the purpose for which funds were originally authorized, and whether appropriations being approved annually are warranted. It is incumbent upon the Congress to determine that only so many dollars are appropriated—and no more—as may be absolutely necessary for the continuation of those activities and programs which were determined to be necessary and in the public interest.

To accomplish these objectives and to carry out these obligations to the American people, who have elected Members of Congress as their representatives and their spokesmen, it is imperative that action be taken, and without further delay, to provide the Congress with the essential tools required to perform these duties and responsibilities to the people of the United States.

I therefore urge that the other body give early and favorable consideration to legislation proposed by the bill, S. 529, approved by the Senate and referred to the House Committee on Rules on May 29, 1961, to establish a Joint Committee on the Budget, which would provide much needed services to the Committees on Appropriations of the House and Senate. The bill would insure that members of those committees, and all Members of Congress, will have full information and adequate facilities with which to cope with the problems as emphasized by the pending proposal to increase the ever-mounting national debt ceiling.

The objectives and proposed duties and responsibilities to be vested in the Joint Committee on the Budget are set forth in detail in Senate Report No. 264, which accompanied S. 529. The proposed legislation includes provisions designed to bring about coordination of all fiscal functions of other substantive committees in order to insure a united effort to effect necessary economies in Government.

Also, Senate Document No. 11, on the financial management of the Federal Government, approved by the Senate on February 13, 1961, contains a full legislative history of the proposal and actions taken thereon by the U.S. Senate.

FORTIETH ANNIVERSARY OF THE BUDGET AND ACCOUNTING ACT OF 1921

In this connection, I would like to call to the attention of the Congress that this month marks the 40th anniversary of the Budget and Accounting Act of 1921, which represents the first great step forward of this era in the modernization of financial management in the Federal Government. It also marks 40 years of service by the General Accounting Office, which was established by that act, as an agency responsible only to the Congress.

The long and conspicuous record of the General Accounting Office over the last 40 years is well known and highly regarded by the Congress. It is indeed appropriate to especially acknowledge the dedicated and competent services of this agency of the Congress on this occasion of the 40th anniversary of the Office.

I wish to express particularly the high regard of the Senate Committee on Government Operations, of which I am privileged to serve as chairman, for the contribution of the General Accounting Office to the work of the committee. The committee and GAO have had the most cordial and productive working relationship. Staffs of the committee and of GAO have worked jointly on matters of common concern, and important developments such as the establishment of the joint program to improve accounting in the Federal Government, the Budget and Accounting Procedures Act of 1950, and other financial legislation which have been significantly advanced by these efforts. The advice and counsel of the General Accounting Office have been sought and obtained in connection with proposed legislation.

The numerous reports submitted by the Comptroller General to the Congress and its various committees during the past 40 years have been of great value in identifying areas of governmental activities and excessive expenditures which should require the constant attention of the Congress. In addition, it is a matter of record that the General Accounting Office has more than paid its way in the amounts it has recovered for the Government from illegal and otherwise improper expenditures of Government funds by the agencies.

Under the provisions of the committee's bill to provide for the creation of a Joint Committee on the Budget the General Accounting Office would play an important part, since it would be directed in addition to its present functions, to make such investigations and reports relating to agency budgets and expenditures considered to be necessary to assist the joint committee in its consideration of the budget as submitted by the President.

It is, therefore, with sincere appreciation that I acknowledge the contributions of the General Accounting Office to the work of the Congress and its committees on this occasion of its 40th anniversary and extend to the Comptroller General and his staff my best wishes for continued success in their work.

I ask unanimous consent to have printed in the RECORD, as a part of my remarks, an editorial from the Saturday Evening Post on June 24, 1961, entitled "One Federal Bureau Aims To Curb the Spenders," which relates to some of the services rendered by the General Accounting Office.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ONE FEDERAL BUREAU AIMS TO CURB THE SPENDERS

Whatever happens to the administration's various projects on the New Frontier, it can be confidently predicted that Government expenditures are going up. Consequently it becomes more important than ever to see to it that the taxpayers' money is at least used for the purposes intended by Congress and that the supplies and services contracted for are the best that money can buy.

The agency charged with this housekeeping assignment is the General Accounting Office, the head of which is the Comptroller General, Mr. Joseph Campbell. The GAO was set up by Congress in 1921 to ride herd on the executive department and all Government agencies authorized to spend public funds. Its original function was simply to check on the taking in and paying out of money to make sure that it was spent as Congress ordered it spent. More recently the General Accounting Office has emphasized the performance audit of expenditures—to indicate whether or not the public got its money's worth.

Despite the importance of its task, the General Accounting Office is far too little known. Also, as Senator PAUL DOUGLAS put it during the hearings before the Joint Economic Committee last year, the Comptroller General and his staff "are exposed to the fire of the departments whose expenditures they scrutinize. They do not receive the popular approval and commendation which I think they deserve, and must at times feel very lonely and friendless." The attitude of Congress toward GAO varies with individual Members. Savers hail it as an indispensable guardian of the Treasury. Spenders ignore it as a pestiferous Scrooge.

Although GAO has been instrumental in bringing about returns to the Treasury of many millions paid on account of excessive transportation charges, improperly drawn contracts, overpayments, and so on, its primary function is preventive. Revelations of improper transactions tend to make purchasing officials more vigilant next time. Greater care in the future may be expected on the part, for example, of those responsible for the delivery abroad, under the military-assistance program, of tactical navigation equipment—$12 million worth—which the receiving countries were not able to use and which the Air Force needed.

Other instances of slatternly housekeeping unearthed by GAO include the shipment by air of household goods from Texas to Pakistan at a cost of $14,830, when shipment by sea would have cost $1,470. Comptroller Campbell made the comment that "in this instance they (the goods) would have arrived in Pakistan by ship 1 week earlier than by air. Also we noted that air shipments included a piano, a model ship, and a sled." The result of this revelation was an amendment to the law restricting air shipment to articles which are "required for use in carrying out assigned duties or are necessary to prevent undue hardship."

Opinion as to the services of GAO is not universally laudatory. Manufacturers attempting to fulfill defense contracts sometimes complain that GAO's accountants devote so much meticulous attention to the precise terms of a contract and are so rigid in their attitude toward costs of new and often experimental gadgets that our defense posture is not helped by their operation. The armed services often charge that GAO field inspections and criticisms of military equipment purchases take too little account of the emergency conditions under which this kind of material has to be purchased.

On the other hand, GAO appears to have a good case, at any rate in peacetime, when it criticizes the purchase of 19,000 military vehicles, all deficient, on the ground that the Army bought the whole lot before getting adequate assurance that identified defects could be corrected either during production or by later modification. The amount involved in that bobble was $1,600 million.

In any event, GAO has recovered for taxpayers many times what its services have cost. Equally satisfying is GAO's defiance of Parkinson's law by reducing its staff so that the total number of employees is 1,200 less than it was in 1952, despite the addition of new branches in Europe and Asia.

When taxpayers, editors, teachers, political scientists, and civic agencies become better aware of what GAO does, not only can more billions of dollars be saved, but new incentives to efficient and economical public service will arise in unexpected areas. And the pencil sharpeners in GAO will feel less unloved.

Mr. SPARKMAN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Madam President, I move that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOUSING ACT OF 1961—CONFERENCE REPORT

Mr. SPARKMAN. Madam President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 27, 1961, pp. 10644–10658, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ROBERTSON. Madam President, I call attention to the fact that the omnibus housing bill as reported to the Senate by the conferees is now a more extravagant and inflationary measure than the very extensive bill which was passed by the Senate.

There are many changes in the bill now before us that raise serious and, to my mind, more far-reaching objections than those which I expressed when the Senate bill was before this body.

Among the more important of these changes are the following:

First. The general standard for payment of urban renewal grants has been raised from two-thirds to three-fourths as the Federal share in communities with populations of up to 50,000, and up to 150,000 in depressed areas. This is a departure from the general two-thirds rule and can result in larger cities in the future demanding equal treatment. It all adds up to the Federal Government paying out more and more money as time goes on.

In the bill as reported by the subcommittee to the full Banking and Currency Committee, there was a proposal to increase the Federal share to five-sixths in cases where there is State assistance in urban renewal. Fortunately the full Committee deleted this proposal. Nevertheless, it shows the dangerous trend that is developing and may well continue to develop until the Federal Government is called upon to pay 100 percent of all slum clearance in our cities.

The urban renewal grant authorization was cut by the conferees $500 million to $2 billion. This is meaningless because there is no time limitation involved and as soon as the $2 billion is used more will be requested.

Second. The Federal National Mortgage Association special assistance authorization was drastically increased. The full Banking and Currency Committee deleted an extra $750 million authorization proposed by the subcommittee to buy mortgages in the low and moderate income 40-year loan provisions of the bill. Now the conferees report back an authorization restoring that $750 million with an extra $10 million for good measure, for a total of $1,510 million authorized in this program. The House language is in the nature of transfers from other authorizations but it adds up to the total which I have given.

Third. FNMA would now be permitted to go into the banking business and make short-term loans on the security of pledged FHA and VA mortgages. This provision has been before us before but it has never yet been in a conference report. This places FNMA in the field of making direct loans in competition to private lending institutions and tends to substitute public for private credit. I believe that it is serious error to permit it.

Fourth. The interest rate in community facility loans was reduced from the current average of 4 percent or above to ¼ percent more than the current college housing rate of 3½ percent, and the loan authorization was increased by not a mere $50 million, as passed by the Senate, but by $500 million. This is but another illustration of attracting communities to the Federal Government for aid. Lower and lower interest rates for Federal loans are dangerous to our economy. If we continue this trend, we will make Federal assistance so attractive that the trend toward reliance on the Federal Government will be irresistible. The interest scale adopted by the conferees is currently 3¾ percent but, on computations as of June 30, 1961, this rate might be even lower for the coming year since it is based on the rate paid on all interest-bearing obligations of the United States.

Fifth. We are faced again with open space provisions in this bill. To add insult to injury, the previous authorization for appropriations in this new and unexplored field is now changed to back-door financing. I suppose that the conferees wanted to make sure that the agency received the $50 million herein authorized without the fear of facing the Appropriations Committee with an initial request because even the House bill, which was the only thing in conference, contained an appropriation authorization. I question this procedure because there was no Senate provision in conference. The only provision in conference was a House appropriation authorization for $100 million which was changed by the conferees to $50 million in contract authority which is another method of back-door financing.

Mr. HOLLAND. Madam President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Florida.

Mr. HOLLAND. As I recall, during the debate on the pending measure, the Senate struck out that provision; is not that true?

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. How much is now placed in the bill by the conference report?

Mr. ROBERTSON. Fifty million dollars. It bypasses the constitutional provision with respect to appropriations. This money goes out of the Treasury and will never come back. It is obtained by the device of authorizing direct withdrawal from the Treasury—back-door financing.

Mr. HOLLAND. Does it mean that these funds can be used in unnamed cities for any reason that seems to be impressive to the handling authority, to enable the acquisition of so-called open spaces in the suburbs of the cities?

Mr. ROBERTSON. Absolutely. If a park is desired, all that is necessary is call it an open space, and if the idea can be sold to the Administrator, he will say, "All right; here is your money."

We took that provision out. It has now been put back. Not all the $100 million has been put back, but $50 million of it has been put back. This will start things in an untried field that are bound to grow into great demands on the Federal Government.

Mr. HOLLAND. What percentage of the total cost for each of these open areas is to be paid by the Federal Government out of the $50 million?

Mr. ROBERTSON. I will have to ask the chairman of the subcommittee if the conferees made any change. I believe it was 30 percent.

Mr. SPARKMAN. Twenty percent as a general rule and 30 percent in some cases.

Mr. ROBERTSON. As I have said, the bill follows the usual pattern of trying to avoid the Appropriations Committee on new and experimental programs and never returning to the constitutional method of spending Federal money through appropriations.

I wish to include in my remarks a chart showing a comparison of the funds requested by the administration with those included in the bill S. 1922, as passed by the Senate and as agreed to by the conference committee. I will not read it, but I ask unanimous consent that it be included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

In 1951, this Flathead weekly newspaper placed first among America's weekly and dailies for picture use, and in 1949 there was a second place award for special editions—the annual Christmas pictorial.

In 1954 there were two honorable mentions, and in 1957 the picture story of the horseback trip from Waterton to Glacier down the Kishinena brought an honorable mention in the best news story bracket.

No other Montana newspaper has won more national awards than the Hungry Horse News. This newspaper is the only 1961 Montana winner in the National Editorial Association contests.

Last year, the Flathead Courier, published at Polson, won first place for best use of photographs in newspapers under 2,000 circulation.

Mel Ruder, Hungry Horse News editor, had expected to go to Salt Lake City to receive the awards, but recent events changed plans.

From across the land, the National Editorial Association contests each year recognize newspapers who achieve quality.

These hometown papers this year include such publications as the Mount Kisco (N.Y. Patent-Trader, the Hillsboro (Oreg.) Argus, Ambler (Pa.) Gazette, the Long Beach (Calif.) Press-Telegram, Camden (N.J.) Courier-Post, San Bernardino (Calif.) Sun-Telegram, Hasting (Nebr.) Daily Tribune, and San Francisco (Calif.) Examiner.

Some of the papers are better known than others. The Hungry Horse News is pleased to be in such company, and we are proud to receive 2 of the 96 awards being given this year to newspapers in 30 States.

Competition in addition to best picture use, individual pictures and columns included special issues, general excellence, service to agriculture, best editorial, best editorial page, best news story, best feature story, typography, classified advertising and promotion.

The picture award especially comes as a result of good press work by Hungry Horse News printers and a good engraver here in the Flathead in Montana Engraving Co. Nearly all Hungry Horse News photographs are taken by Mel Ruder. Marion Lacy of Lacy Studio, Whitefish, a prize winner as a commercial photographer, makes many of the Hungry Horse News enlargements.

M.R.

U.S. SENATE,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
June 27, 1961

Mr. MEL RUDER,
Editor, Hungry Horse News,
Columbia Falls, Mont.

DEAR MEL: Please add my congratulations to the pile, growing on your desk, from those who shared your pleasure when the Hungry Horse News won two National Editorial Association awards this year.

I can't say I was surprised—except at the length of time it took NEA to recognize you for best use of pictures and for the best columns. As usual at this time of year, I'm looking forward to receiving the News summer pictorial. And, as a long-time subscriber, I anticipate many more hours reading your Bystander column.

Cordially,

LEE METCALF.

MISS LINDA M. PEARSON WRITES ON "WHAT DEMOCRACY MEANS TO ME"

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD a very fine essay entitled "What Democracy Means to Me," written by Miss Linda M. Pearson, of East Derry, N.H., which won the annual essay contest at Pinkerton Academy in Derry.

The State of New Hampshire has a rich patriotic heritage and one in which each citizen of my State takes pride. In these troubled times, it is particularly encouraging to know that many of our young people are alert to the hazards with which our Nation presently is confronted. These young people must necessarily supply leadership in the years ahead, and it is reassuring to see the depth of understanding and quality of thought reflected by a statement such as that written by Miss Pearson. This young lady, who is the daughter of Postmaster and Mrs. Lester Pearson, of East Derry, N.H., most certainly is a credit to her family, her school and herself, and I believe that her fine essay warrants the attention of all Americans.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

DERRY, N.H.: ANSWER TO COMMUNIST

Winner of the annual essay contest at Pinkerton Academy was Miss Linda M. Pearson, daughter of Postmaster and Mrs. Lester Pearson, of East Derry. The subject was, "What Democracy Means to Me."

"You ask me what democracy means to me, Communist, and you hope I am weak enough in my answer so I may be swayed. Let me tell you what this word means. Technically it means a form of government in which the power is vested in the people, but no dictionary can express with its few concise phrases what democracy means to me and the millions of my fellow Americans; for, many times without realizing it, we live this every day of our lives. Democracy is not only in the gathering of our wise Congressmen to make our laws, it is in the factory worker and businessman who went to the polls to choose these lawmakers. It is in the books we read, the music we listen to, even in the food we eat. Democracy is what makes my life as an American the wonderful experience it is and I thank God for it.

"Everyone has his own credo of the meaning of democracy. I find it in many ways each day. Perhaps one of the greatest of these is in education. When I go to school, I know that the education I will receive is that which I am interested in and requested; not what some unknown and uncaring government official decided I should study. In my classes I am free to express my opinions of public and world affairs without fear of recrimination against me or my family. What can you offer me in your Communist world to replace the freedom of speech and of learning that which I wish? There is no greater privilege than freedom of the mind and in no country but this democracy of America can I practice it more extensively.

"Perhaps you would like to discuss the equality of human beings. You, who claim to have no segregation or other class distinctions. Perhaps these claims of yours are true but if they are, it takes only a brief glance at the majority of your population to convince me that your one class is miserable and has little chance for advancement except if they are fortunate enough to have claimed the interest of the party and are, therefore, assisted. Here in this democracy we are fighting a constant battle for equality of all people and we are making progress. But even without this fight those who are in our lower classes have many chances to advance if they have the ambition. There are numerous opportunities for education and it is not dependent upon the joining of a government organization. Here in America, individual effort has resulted in many self-made men.

"Now, I wish to mention perhaps the most important reason why you will never convert me to your Communist beliefs. It is the most simple yet overpowering reason of all. My belief and faith in God. Every day I find so many reasons to praise Him for all I have. Every Sunday I can go to whatever church I choose along with millions of my fellow countrymen and worship Him without fear that I will be persecuted for it. I don't have to wait for the roar of a powerful car and the crash of heavy boots on the stairs because I openly believe in God. I can go my way and feel the joy of living in my heart because I find Him in so many places. In chapel in the morning when 400 teenage voices lift to sing His praises, in church when all heads bow in prayer, in the light of the stars twinkling like a thousand diamonds on the black cloak of night, and in the faith of this Nation when it faces your threat to estinguish its light. This is the greatest of all champions of democracy.

"Yes, I am an American and I speak for democracy. Listen to my words, Communist. Listen well for my country is a strong country, and my message is a strong message. My ancestors have left their blood on the green at Lexington and the snow at Valley Forge. A million and more of my countrymen have died for freedom and left this democracy as their eternal monument. They live on in a child's delight as he gazes into the sparkling branches of a Christmas tree * * * in the hoarse voices of high school students after a victorious football game * * * and in the lump in one's throat when 'The Star-Spangled Banner' is played * * * in the achingly sweet liquid notes of a lone bird's song in the summer twilight * * * and in the silhouette of the Statue of Liberty against the New York skyline.

"They live on in the crinkling eyes of the old New England Yankee as his twangy voice tells of the blizzard of '88 * * * in the brilliant gold of hundreds of acres of wheat stretching across the flat miles of Kansas * * * in the milling of cattle in the stockyards of Chicago * * * in the precision of an assemby line in an automobile factory in Detroit * * * and in the voice of New York City as it shouts to be heard by all, even throughout the night.

"There is a voice in the soul of every human being that cries out to be free. America has answered that voice. America has offered freedom and opportunity such as no land before her has ever known. She has given it to all and with it comes a tremendous faith in this Nation that made these things theirs.

"This is my answer, Communist. Show me a country greater than our country, show me a people more energetic, creative, progressive—more generous and happier than our people, not until then will I consider your way of life. For I am an American and this is what democracy means to me."

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1922) to assist in the provision of housing for moderate- and low-income families, to promote orderly urban development, to extend and amend laws relating to housing, urban renewal, and community facilities, and for other purposes.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 30) to make a correction in the enrollment of S. 1922, the Housing Act of 1961.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 4500. An act to donate to the heirs of Anthony Bourbonnais approximately thirty-six one-hundredths acre of land in Pottawatomie County, Okla.;

H.R. 4913. An act to amend the act of August 7, 1946, relating to the District of Columbia hospital center to extend the time during which appropriations may be made for the purposes of that act; and

H.R. 7712. An act making supplemental appropriations for the fiscal year ending June 30, 1961, and for other purposes.

DEBT LIMIT EXTENSION

The Senate resumed the consideration of the bill (H.R. 7677) to increase for a 1-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

Mr. BYRD of Virginia. Mr. President, the pending bill, H.R. 7677, raises and extends the temporary limit on the Federal debt for fiscal year 1962, beginning Saturday.

Under the bill the statutory limit on the debt subject to the ceiling will be $298 billion for the period from July 1, 1961, through June 30, 1962. When this period expires, without further legislation, the ceiling would automatically drop to the permanent statutory limitation of $285 billion.

The administration is urgently requesting its enactment by Friday night, June 30, when the present temporary limit will expire.

The bill has been passed by the House of Representatives; and the Committee on Finance, without a dissenting vote, has reported it to the Senate with a recommendation that it pass.

It is under the force of duties imposed upon the chairman of the Committee on Finance that I ask for the prompt passage of H.R. 7677.

I support the bill only because it is essential to avoid immediate and serious legal questions which could dangerously involve our national integrity.

While I support the bill because there is no responsible alternative in present circumstances, I regard it as unmistakable evidence of continuing breakdown in Federal fiscal discipline.

Without the bill, the Federal debt on Saturday of this week would be nearly $2 billion in excess of the maximum lawful amount.

In other words, unless the bill is enacted before midnight on Friday, there will be $2 billion of debt which has not been approved or authorized by Congress. That would be a serious blow to the Nation's fiscal integrity.

The bill would put the temporary debt limit for fiscal year 1962 within whispering distance of $300 billion, and the testimony is that it will be used to the limit.

The Federal deficit for the current fiscal year is now being estimated at almost $3 billion; and there will be another deficit in the coming year, estimated at more than $4 billion. We are confronted with two consecutive deficits totaling $7 billion, and I believe the total will be considerably higher. Unless something is done with respect to retrenchment, it is inevitable that it will be necessary to increase the debt limitation some time in the first part of the coming year, or certainly at about this time next year.

Existing Federal spending programs along with those currently under consideration would increase Federal spending to more than $100 billion a year within the foreseeable future.

Federal spending at this level could easily push the Federal debt over $300 billion in a relatively short period.

Some of the best authorities in the country, including William McChesney Martin, chairman of the Federal Reserve Board, and Bernard Baruch, have testified before the Finance Committee that Federal deficit spending is a principal factor in inflation.

There have been 24 Federal deficits in the past 30 years, and the American dollar is now worth less than 47 cents on the 1939 index. Under present prospects further decline would need little provocation.

Secretary of the Treasury Dillon testified on June 27 that total debt in the United States—Federal, State, and local, corporate and private—now totals more than a trillion dollars, an amount so astronomical that the human mind cannot comprehend it.

There can be no doubt that fiscal discipline in the Federal Government—in all of its branches—is breaking down at a dangerous rate, and the erosion is spreading to other sectors of endeavor.

Much of the State, local, and private debt has been stimulated by initiative exerted through Federal programs featuring insured mortgages, guaranteed loans, and matching grants.

Contrary to the general impression, the great increases in Federal expenditures since the end of the Korean war have been in domestic-civilian programs; not defense or foreign aid.

Assuming the revised estimates of the present administration, expenditures through domestic-civilian programs in the coming year will represent a cumulative increase of nearly 100 percent over the total for fiscal year 1954, a period of 7 years.

These are some of the factors which cannot be overlooked in responsible consideration of the pending bill. I mention them now because the record on this bill should be made.

I shall discuss the subject of the breakdown in Federal fiscal discipline in more detail at a relatively early date during this session of Congress. I shall attempt to compile a statement of the recommendations made by this administration with respect to spending. I shall deal with the built-in expenditures which cannot be canceled and shall attempt to give, as best I can, some indication of the outlook for the years ahead.

For the reasons set forth at the beginning of my statement, I support the bill; but I do so very reluctantly. It makes me very sad to feel compelled, as chairman of the Committee on Finance, to bring this report to the Senate. I only wish that by retrenchment and fiscal responsibility in Federal expenditures this increase in the debt limitation could have been avoided.

Mr. BENNETT. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. BENNETT. Mr. President, during the consideration of this bill in the Finance Committee, I was reminded of a story which I think may be appropriate to the present situation. This debt limit does not exist for the purpose of curbing the debt, because as the debt increases, we perforce increase the limit, so the debt does not touch it. In short, this is a device by which Congress has transferred to the Treasury its constitutional responsibility to control Government borrowing.

The story of which I am reminded relates to an incident in an old-fashioned barroom with a very long bar. The proprietor of the barroom at the cash register. The bartender was at the far end of the bar, and the lone customer was being served. The bartender yelled across the room, "is Tom Jones good for a glass of beer?"

The proprietor called back, "Has he had it?"

The response was, "Yes."

So the proprietor called back, "Then he must be good for it."

That is about the way we handle our debt. We accumulate it, and then ask whether we need to push the ceiling out of the way, so we can justify the debt we have already created.

Mr. DIRKSEN. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. DIRKSEN. Mr. President, the earnest appeal made by the distinguished Senator from Virginia should sound a tocsin and a caution to every Member of the Senate.

Here we are within $2 billion of the highest debt in the history of the United States, which was $300 billion in 1945. Frankly, I have been dismayed by the casual and cavalier way in which we ram through these bills which add to the expenditures for the fiscal year 1962 and succeeding years.

Only this morning, in the Defense Education Subcommittee, we were confronted with a proposal for increased expenditures and increased commitments for the next 5 years, running up to $160 million, and then there was added the interesting phrase "and for each succeeding year." So it is proposed to make those expenditures permanent; and that is the sort of thing we are doing almost constantly.

Mr. President, in my judgment this $298 billion ceiling will not be high enough. I am of the opinion that when the request was made, the requested ceiling was kept below $300 billion for psychological and other reasons. But later a request to increase it will be made, and then our peacetime debt ceiling will be the equivalent of our wartime debt ceiling; and when people begin to "smoke that in their pipes," it should be a rather strong admonition.

Mr. President, I hope we shall continue to use the word "ceiling," because the Latin word for it is "caelum," which means "sky." So the debt limit is being pushed to the sky; and with all the "pie in the sky," we are getting there; and with all warnings people have, this is one of them.

So I concur in the observations made by the distinguished Senator from Virginia, who constantly has sounded to the Congress and to the country the warning that we are playing ducks and drakes with the resources and the credit of the country, and that there will be a reckoning, as surely as there is pie in the sky.

Mr. SALTONSTALL. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. SALTONSTALL. The Senator from Virginia knows that 2 years ago I introduced a bill—to which he gave a very courteous hearing—in regard to reducing the debt and making it possible to apply excess funds to the debt; and the Senator from Virginia also knows that a year ago he and I together introduced a bill to itemize all the direct, indirect, and other debts of the Nation and to keep the debt on a current basis.

This evening the Senator from Virginia has said, when concluding his remarks, that he expects to compile such a list and to present it to the Senate in the near future. I hope that if there is an opportunity to do so, I shall be able again to introduce the bill to which I have referred—which I shall be very happy to do—if the Senator from Virginia feels there is merit in it.

Mr. BYRD of Virginia. It has great merit, and I hope the Senator from Massachusetts will introduce it. I shall be very glad to join him in its introduction.

Mr. SALTONSTALL. I thank the Senator from Virginia.

Mr. WILLIAMS of Delaware. Mr. President, I wish to join my associates in paying our respects to Mr. BYRD the chairman of the committee. I think it would be well for every Member of Congress and for all those in both the legislative branch and the executive branch of the Government—in particular those in the executive branch departments—to read the statement which has just been made by the Senator from Virginia.

Certainly it is time we in this country stop to ask ourselves how long we can continue to live on borrowed money as we have been doing in the past 30 years.

As has been pointed out, at the present time we have no alternative but to increase the debt ceiling. The money has already been spent.

The big question is whether the present increase will be enough. Just this afternoon by the vote of the Senate—although many of us opposed that action—the Senate authorized expenditures of $1,600 million during the next 4 years over and above the amount of the President's budget. That expenditure will definitely be reflected in increased debt or in increased taxes. We are already operating at a deficit so such expenditures cannot be handled by any method other than increased debt or increased taxes.

I think it well for us to recognize why we are confronted with the $3 billion deficit as of June 30. It is the result of increased spending.

Spend, tax, and elect seems to be the password of the New Frontier administration.

Some try to claim that the receipts of the Eisenhower budget were overestimated. But the budget submitted in January by President Eisenhower estimated the receipts at $79 billion. Yesterday, Secretary Dillon said he estimated the receipts for the current fiscal year at $78.2 billion, or a reduction of only $800 million in the budgetary receipts. On the other hand, the expenditures of the Government have been increased during the past 5 months, under the Kennedy administration, by $2.3 billion over the Eisenhower budget. The expenditures under the Eisenhower budget were estimated at $78.9 billion; but we shall have spent a minimum of $81.2 billion as the result of the accelerated spending of this administration. So a large percentage of the deficit we shall have this June 30 is directly attributable to the increased spending on the New Frontier for the past 5 months.

Likewise, the deficit is projected for next year at $4.4 billion, and it is definitely the result of the many new spending programs which have been requested by the new administration and enacted by the Congress.

There is a strong possibility that before next June 30 we shall be confronted—if we continue to authorize spending in the way we have—with a request either to raise the ceiling higher or to increase taxes.

I shall support here today—as I did in the committee—this proposal to increase the debt because I think we have no alternative. However, in supporting this proposal I think it well for us to recognize also that this increase of $5 billion in the debt ceiling means that we are making it possible for the Secretary of the Treasury to borrow an additional $5 billion in order to pay for the operating costs of the Government—the costs of the new programs on which we are embarking.

There has been much criticism, both by the former Secretary of the Treasury and by the present Secretary of the Treasury, of the fact that the Treasury has been forced to finance so large a percentage of the debt by means of short-term securities as a result of the so-called ceiling on long-term interest rates. Under existing law, the Treasury is allowed to sell bonds running for more than 5 years at only 4¼-percent interest.

The ridiculous point is that under present law the Treasury can issue bonds which will run for 4 years, 11 months, and 29 days, at 10-percent interest; but bonds which will run for only one day longer than 5 years are subject to a maximum interest rate of 4¼ percent. For 30 years bonds the Treasury can pay only 4¼-percent interest, but for bonds running up to 5 years the Treasury can pay 20-percent interest and apparently no one cares. This situation is ridiculous, and it should be corrected.

The past administration recognized and the present administration and the Secretary of the Treasury recognize the need for the Secretary of the Treasury to have adequate authority to finance the debt.

The irony of the situation is that the law already in effect was overruled under the recent ruling of the Attorney General. On April 25, 1961, the Attorney General, Mr. Kennedy, ruled that the ceiling on interest rates does not mean anything. Under his ruling the Government can bypass that ceiling on long-term bonds and pay much higher rates than 4¼ percent by selling the bonds at a discount. Attorney General Kennedy says to sell the Government bonds at 95, 90, 80, or whatever price is necessary to attract buyers. According to the Attorney General's ruling the only requirement is that not over 4¼ percent be paid on the coupons.

In addition, the Treasury Department has made a ruling that the profit from this discount provision will be taxable at the capital gains rate, and not at the regular income tax rate. Under the recent ruling of the Attorney General the Government not only is bypassing the ceiling on interest rates but is converting that part of the interest derived from the discount provisions of the bond to be taxed at the lower capital gains rate.

The large banks and the large investors buy these long-term bonds. Therefore, this group under the Kennedy administration will now get a tax reduction that is not available to the small investors buying series E bonds.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. In the Senator's opinion, what is the effect on the credit of the United States if the Government issues bonds at less than par value?

Mr. WILLIAMS of Delaware. I think the effect is disastrous. The Treasury is concerned over this point. Certainly the psychological effect of the United States selling its bonds at below par would be to create in the minds of investors in America and in the international banking field a great question as to the solvency of our country.

Mr. SALTONSTALL. In addition to the question of the effect on the credit of the United States of issuing its bonds at less than par, the man who buys such bonds, is also handicapped, because he has to pay a capital gains tax if he holds them to maturity.

Mr. WILLIAMS of Delaware. That would not be a handicap. It would be a tax advantage. If the bonds are being sold to yield 5 percent and only 4 percent interest is paid on the coupons, then the other 1 percent will be computed by reducing the price of the bond. Then the tax on that part is being lowered by having the bondholder pay a capital gains tax on the 1 percent represented by the discount feature. This is giving an advantage to that type of bondholder that we do not extend to the holder of E bonds.

The holder of E bonds buys a $100 bond for $75, but the $25 is fully taxable at the regular income tax rates. He has to pay the regular income tax rate on the difference, and not a capital gains tax.

To that extent he is taxed at a higher rate than the banks who buy these discounted bonds will be.

Had the bankers written the ruling of Attorney General Kennedy it could not have been more favorable to them.

Under the recent ruling of the Attorney General, Mr. Kennedy, we are allowing a portion of the interest on long-term bonds to be taxed at the capital-gains rate, which in effect reduces the tax paid on interest.

This point was confirmed to our committee by the Secretary of the Treasury, Mr. Dillon.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. BENNETT. Has not this opportunity to sell bonds at discount been available to previous Secretaries of the Treasury?

Mr. WILLIAMS of Delaware. Yes, assuming the Attorney General had so ruled, but the previous Secretary of the Treasury said he would not use this authority even if it were available because he recognized it would be in violation of the clear intent of the law as passed by Congress. Therefore, in prior years the Secretary did not ask the Attorney General for a ruling.

I think I am correct when I say this is the only instance wherein any Attorney General has affirmatively ruled that Government bonds can be sold at a discount and thus bypass the interest rate ceiling.

This raises another question. Suppose the next Attorney General rules otherwise and holds that the Secretary cannot sell bonds at a discount to bypass this ceiling.

We would then have a situation in which bonds had already been sold, and Congress would have to take immediate action to validate those bonds; otherwise they would be no good.

This could create a chaotic condition in the bond market.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. BENNETT. There has been much talk about the prestige of the United States. Can the Senator think of anything that is more damaging to our prestige at home, as well as abroad, than the admission that the United States cannot sell is bonds except at a discount? Does not the Senator think that damage to our prestige is far more important than is the satisfaction of holding to a ceiling that was written into the law 40 years ago?

Mr. WILLIAMS of Delaware. It certainly is. This could be damaging to the prestige of the United States. It would be inviting another run on the American dollar because failure to remove this interest ceiling by legislative act would be a demonstration that Congress is not ready to face up to the real issue of financing the U.S. debt in an orderly manner.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CURTIS. Has the opinion of the Attorney General been questioned by any other legal authority, or has it been decided in court?

Mr. WILLIAMS of Delaware. Not at yet, because no bonds have been sold under the ruling.

Mr. CURTIS. What is the date of the ruling?

Mr. WILLIAMS of Delaware. April 25, 1961.

Mr. CURTIS. It is a question that certainly ought to be looked into. When the Secretary of the Treasury sells bonds, he is, in essence, borrowing money not in his personal capacity, but in a fiduciary capacity. He is, in effect, signing a note for $100 in behalf of his principal, but getting only $95 for it.

It may be that the Attorney General's analysis and ruling are correct, and that he has the power. Perhaps it is very clear, but I certainly concur with what has been said here. It is very bad practice, and is most damaging to the prestige of the United States, to admit that when U.S. bonds are issued they are not worth face value. If they are not worth face value when they are issued, what are they worth when they are due?

Mr. WILLIAMS of Delaware. That is a very good question, and certainly no well-managed business would think of financing its future expansion with bonds sold at 70 or 75 percent of par.

It is in an effort to correct this situation that I am proposing an amendment at this time to remove the 4¼-percent interest ceiling. This would give the Secretary of the Treasury the required flexibility to continue to sell bonds at par and at the same time to place an interest rate on them which would command their sale. Money is a commodity; and if by our spending and other activities in Congress we are to force the Secretary to borrow money, we should give him the authority to do so in a business-like manner.

I am joined in the amendment by the Senator from Illinois [Mr. DIRKSEN], the Senator from Connecticut [Mr. BUSH], and the Senator from Utah [Mr. BENNETT].

Mr. SALTONSTALL. Mr. President, will the Senator permit me to be added as a cosponsor?

Mr. WILLIAMS of Delaware. Also the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Arizona [Mr. GOLDWATER].

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. What the Senator is doing, in substance, in proposing the amendment, is saying that it is much better to have Congress act to strike out the interest rate, rather than rely on a ruling of the Attorney General that a bond sold at a discount may be a proper way of avoiding the 4¼-percent interest limit, when that ruling might be disputed in days to come.

Mr. WILLIAMS of Delaware. The Senator is correct. The important point to remember is that we are a government of laws and not of men. Congress enacted a law stating that the bonds should not be sold at an interest rate of more than 4¼ percent. All past administrations have recognized that rate as a ceiling. I supported the previous administration in its request that Congress remove the ceiling. Certain Senators conscientiously felt its repeal would be wrong and opposed it, but Congress should take action and affirmatively or negatively say whether this interest ceiling should be repealed and not have the Government go by way of the back door and say, "The law does not mean anything." It is a law. I favor its repeal, but until it is repealed I expect the executive branch to respect that law.

The present Secretary of the Treasury, in testifying before our committee at the time his nomination was under consideration, said he would like to see the ceiling on interest rates removed.

We are now told that there is no ceiling and that there never has been. Attorney General Kennedy now tells us that the Secretary can pay 10 percent interest on a 30- or 40-year term bond, or any rate he wishes. It is said that he can sell Government bonds with as low as 1-percent coupons and then put the price on the bond low enough to give the yield desired, and that it would be perfectly legal under the Attorney General's ruling.

This would be a great tax advantage to the bond buyers in that they would have to pay only a capital gains tax rather than the regular income tax on their interest. All other Americans must pay full rate on the interest on bonds. That is a special tax advantage for those who would buy these bonds, an advantage which the Kennedy administration refuses to give to the savers of America who buy the E bonds.

Mr. SALTONSTALL. I appreciate the Senator's point of view, and I join with the Senator.

Mr. WILLIAMS of Delaware. I thank the Senator from Massachusetts.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I am very happy to join with the Senator in presenting the amendment, and I congratulate the Senator on doing so.

The Senator said that if the United States offered any substantial amount of long-term bonds at a discount it would have an unfortunate effect on the credit of the Government of the United States. I think the Senator is absolutely correct.

I recall that in 1959 there was a meeting of the International Monetary Fund and World Bank representatives in Washington, D.C. Representatives came from all over the world to attend the meeting. At that time the question of the interest rate ceiling was being considered. Then President Eisenhower strongly recommended that the interest rate ceiling be removed. The Secretary of the Treasury, Mr. Anderson, tried very hard to get the Congress to go along with the request, but Congress refused to do so. The result was that the Government was forced into short-term financing, when long-term money was needed. That is about as inflationary a process

as one can imagine forcing a government to follow.

At that time, the people with the International Monetary Fund could not understand how the United States could put itself in a position or could leave itself in a position in which it could not take advantage of the long-term bond market to stretch out its debt and to get away from the inflationary forces or short-term debt financing.

One might say, "Why should we care what they think?" We care a lot what they think, because they have on deposit in the United States some $17 billion to $18 billion of short-term funds which can be withdrawn from the United States. That can be taken out in gold, if it is so desired. In the past few years we have observed that they have taken a good deal of our gold. One of the reasons why they have taken it is that they have been a little shaky in their confidence about the way we have managed our affairs.

The interest rate ceiling is one of the things which has shaken the confidence of people to the greatest extent. They do not understand how a great government like ours can operate with one hand tied behind its back.

I hope the Senator will press his amendment. It should have been agreed a long time ago. I felt the proposal was not agreed to merely because of a political desire to harass the Eisenhower administration. I felt very strongly about the matter then. I still do. I commend the Senator for opening up the question now. I think the Congress should act on this question at this session.

Mr. WILLIAMS of Delaware. I thank the Senator from Connecticut and agree with his observations.

Mr. President, it is interesting to note—this point has been confirmed both by the previous Secretary of the Treasury and the present Secretary of the Treasury—that American taxpayers today are carrying a larger burden of interest on the national debt as a result of the fact that Congress has refused to remove the ceiling on the interest rate on long-term bonds. That can be proved. For example, at one time the Government was selling 5 percent 5-year bonds. There is not and there never has been any ceiling on interest of bonds maturing in 5 years or less. At the same time, had the interest rate ceiling been removed the Government could have sold 30-year bonds at 4 or 4½ percent interest. In that instance alone the United States had to pay aproximately a 1 percent premium for short-term money. Certainly it would have been the better part of wisdom to have borrowed long-term money for the operations of the U.S. Government.

Not only is this bad financing but also it means that under the foolish policy of having an interest-rate ceiling on long-term money with no interest rate ceiling on short-term money, every year the American taxpayers are actually paying out many millions of dollars in unnecessary interest charges.

Those who have been shedding crocodile tears over the high interest charges are the very ones who are responsible for the extra millions of dollars we must pay today in interest on our national debt. If they had gone along with the previous administration we could have corrected that situation and have a more intelligent financing of the national debt, and at the same time save millions of dollars for the American taxpayers.

I hope the amendment will be accepted here today by the chairman of the committee. By all lines of reasoning, the U.S. Government should never resort to financing its debt by discounting bonds at the time of sale.

A great deal of pride may be taken by some in the fact that the administration can sell a bond with a 2-percent interest coupon. The 2-percent coupon rate means nothing if the bond is sold at 85 or 90 percent of par. If there is a 2-percent coupon rate, the other 3-percent interest is paid in the form of a discount on the bond, and the taxpayers are not saving anything. They lose.

Not only is the same amount of interest being paid, but also the buyers of this type of bond, nearly 100 percent the banking institutions of America, then pay taxes only on a capital gains basis. The Kennedy administration says to the savers of America, to those who buy the E-bonds, "We are going to tax you at a higher rate on the income you earn on the savings bonds as compared to the rate at which we tax the banks who buy the discounted bonds."

That is certainly discrimination. If the Government is to pursue such a policy, why did not the Attorney General extend the ruling and say that all Government bonds, including those bought by the small investors, the E-bonds, will be taxed on the basis of capital gains?

If the Government can sell at a discount an interest-bearing coupon bond bearing interest at 1 percent, or even one-tenth of 1 percent, which qualifies for capital gains, why not let all bonds qualify? Why not give the same capital gains treatment to the buyers of the E-bonds, because those bonds certainly represent discount bonds as much as a 30-year bond being sold for 90 percent?

It is very important that we correct this inequitable situation.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Virginia.

Mr. BYRD of Virginia. As the Senator from Delaware already knows, I am very much in favor of his amendment. I voted for it before, and I shall vote for it again. However, I hope the Senator will not insist upon placing the amendment on the bill before the Senate, because we must enact the bill before midnight on Friday; otherwise nearly $2 billion of the debt will not be authorized by the Congress. If the amendment is agreed to, we shall have to go to conference.

I shall be glad to cooperate with the Senator from Delaware in every possible way to have hearings on the amendment and to bring it to the Senate in the most appropriate fashion, but I hope very much the Senator will not insist upon having the amendment attached to the bill under consideration, for action must be completed by midnight on Friday or a part of our national debt will be illegal and unauthorized, which will do injury to the fiscal integrity of this country.

Mr. WILLIAMS of Delaware. I appreciate what the chairman has said. I always like to cooperate with him. The reason I feel that this is a very appropriate bill for the amendment is that we are asked to authorize the Secretary of the Treasury to borrow an additional $5 billion. I think it is essential that we at the same time remove the interest rate ceiling so that the Secreary can sell the bonds.

I believe that at the moment the Secretary can sell the bonds without violating the 4¼-percent interest rate ceiling. I do not think he would have any difficulty in selling long-term bonds now. But the amendment may well be necessary for the future. I hope it will not be necessary for quite a while.

Mr. President, I felt that this was the time to correct the situation instead of when we are under the pressure of having to do it on short notice when interest rates are higher. But I recognize that the Senator has made a very good point. If we do not act on the bill this week a couple of billion dollars' worth of bonds will have been sold above the legal debt limit and would thus be invalid. That is a good argument. It is an even better argument as to the need for Congress to act on the amendment and to pass it, for the reason that the same situation would occur if the Secretary were to sell $5 billion worth of bonds at a discount and the next Attorney General should rule that it was not legal to sell bonds at a discount and to bypass the interest rate ceiling. The present Attorney General is the only Attorney General in the history of the United States who has made a ruling that such a thing is possible.

Therefore the next Attorney General might very well rule otherwise. Then we would have a situation, as described by the Senator from Virginia, in which some bonds were issued which would not be valid and until Congress could act on a resolution which would validate such bonds we would have a chaotic condition in the bond market, particularly as it would relate to the issue involved. At the same time we would have a chaotic condition in the bond market in general. I think the situation would be both domestically and internationally.

The reason I offered the amendment to the present bill is that I felt it was necessary to add it to a previously enacted House bill.

I should like to direct a parliamentary inquiry to the Chair.

The PRESIDING OFFICER. The Senator will state it.

Mr. WILLIAMS of Delaware. Under the rules I know that most of the bills handled by the Committee on Finance must originate in the House of Representatives since they deal with revenue measures. But would a bill to repeal the ceiling on interest rates be in order if it were introduced in the Senate, re-

ported by the Committee on Finance, and acted upon by the Senate?

The PRESIDING OFFICER. The Chair believes that such a bill would affect the revenues of the country, and therefore would come under the constitutional limitation, and would be beyond the powers of the Senate.

Mr. WILLIAMS of Delaware. Mr. President, the previous Parliamentarian had ruled otherwise. I do not want to enter into a controversy with the Parliamentarian. I wonder if we could request a quorum call in order to give the Parliamentarians an opportunity to confer. I raise this point since I believe that the amendment would not affect revenue, but only the ceiling on the interest being paid on our national debt. If it does affect revenue, we shall have no alternative but to insist upon offering the amendment to some previously-enacted House measure. But in conference with the previous Parliamentarian it was felt that changing the ceiling on interest rates was not a revenue measure. I am not trying to influence the Parliamentarian. I am asking the question.

The PRESIDING OFFICER. The Chair has no power to pass upon the constitutionality of an Act; and if the question involves an interpretation of the constitutionality of the amendment, such question will have to be submitted to the Senate.

Mr. WILLIAMS of Delaware. Mr. President, I ask that my amendment be stated.

The PRESIDING OFFICER. The amendment of the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. REPEAL OF LIMITATION ON UNITED STATES GOVERNMENT BOND INTEREST

(a) The second paragraph of section (1) of the Second Liberty Bond Act, as amended (31 U.S.C. 752), is amended by striking out ", not exceeding 4¼ per centum per annum,", and

(b) Section 25 of such Act (31 U.S.C. 757c–1) is amended by striking out the colon and the proviso at the end thereof and inserting a period.

(c) The amendments made by this section shall be effective as of the day following the date of the enactment of this Act.

Mr. WILLIAMS of Delaware. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WILLIAMS of Delaware. Mr. President, I ask that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I commend the distinguished Senator from Delaware for his incessant and untiring efforts with respect to the ceiling on long-term obligations. We discussed that subject up and down the highway all last year. His suggestion makes plain commonsense; and to keep the Treasury under that limitation only makes the problem increasingly difficult when the Treasury must compete in the American market with everyone else who issues certificates and who is seeking to tap the American pocketbook. The ceiling should have been eliminated a long time ago. I realize that the proposal produces an awkward situation when it comes in the form of an amendment to a bill which, I believe, was reported from the Committee on Finance by a unanimous vote, and its passage is up against a deadline. I am glad that the distinguished Senator from Delaware proposes now, on the basis of an understanding with the distinguished Senator from Virginia [Mr. BYRD] that a hearing on this subject will be held at a reasonably early date, that the amendment will be withdrawn, and that we shall then have an opportunity to examine the equities in the situation a little bit further.

Mr. BYRD of Virginia. As the Senator from Delaware knows, a number of revenue bills are now before the Committee on Finance, and if it is not constitutional to offer an amendment to the present bill, the Senator can offer his proposal as an amendment to any of the bills that are now before the Senate Committee on Finance. As chairman of the committee I will agree to hold hearings or do whatever else the Senator from Delaware desires.

Mr. DIRKSEN. Then, of course, the Senator could obtain expressions from the Department of the Treasury and other interested parties in making a record.

Mr. BYRD of Virginia. I am very much in favor of the amendment. I believe the Treasury Department is in favor of it. The Treasury Department opposed the amendment to this bill by reason of the suggestion which the Senator from Illinois has made.

Mr. WILLIAMS of Delaware. Mr. President, recognizing as I do the situation in which we are operating and always desiring to cooperate with the chairman of the committee, I shall not press the amendment at this time. As the chairman pointed out, I really believe that the amendment would be in order. It is not a revenue producing measure. But, as the chairman also pointed out, other revenue bills are coming over to the Committee on Finance, and the amendment can be attached as a rider to one of those bills.

I will wait and offer it at that time.

In passing, I wish to say only that at the present time I shall cooperate and withdraw the amendment. But I am really in earnest as to this proposal. I think the question is one which Congress must face. I believe we made a mistake last year in not pressing the proposal to repeal the ceiling on these interest rates. It definitely will be pressed later.

I think we should do one of two things. We should either remove the ceiling on interest rates, a proposal with which I am in complete accord, or if not, then Congress should override the ruling of the Attorney General which proposes to start selling these Government bonds at large discounts. If the majority in Congress does not wish to stand up to the task of repealing the ceiling on interest rates I will, of course, abide by the decision of the majority. Our country is a government of laws and not merely of a few men. I think the law should be repealed, but I do not agree with the ruling of the Attorney General. Members of Congress, without exception, believe that the 4¼-percent ceiling is a legal ceiling.

If we want it repealed, as I do, then let us repeal it by our vote.

This law was passed with the full intention that it would be the ceiling. The Attorney General is asking everyone else to be a law-abiding citizen, but at the same time he recommends ignoring a law solely because he disagrees with it. He and his office recognize the validity of the position taken by the preceding administration, but they made a lot of political capital during the past campaign in criticizing these interest rates. They knew they were wrong but are not now big enough to admit it. They are trying to have the law repealed by executive ruling to save political face. At the same time they are giving a tax concession to the banking fraternity, a concession which they will not give to the small investors of the country. They will not give the same savings to the small investors of the country. I believe that the E bondholders, the small investors who are buying the small bonds should recognize the fact that this administration, which has said so much about how much it likes the common man, want to tax them higher than any other investor in America.

I challenge anyone to deny that this is the effect of the recent ruling by Attorney General Kennedy.

Mr. DIRKSEN. The ruling under which it is possible to discount these bonds in order to satisfy the ceiling is, after all, clear circumvention, and nothing else. This is an issue that will have to be threshed out. Hence, I am glad that the distinguished Senator from Virginia [Mr. BYRD] has given assurance that this question will be taken up by the committee so that a good legislative record may be made. I express the hope that we can encompass this whole subject separately before the present session of Congress comes to an end.

Mr. WILLIAMS of Delaware. We can be sure that the proposal will be brought up, and I can assure the Senate that it will be pressed. The Attorney General has excused his ruling by citing a law which was enacted back in 1942 under which Congress recognized that in trying to sell these bonds at par, as in the case of municipal and State bonds, they would on occasions get bids at a hundred and a half or perhaps at 99⅞, within a few fractions of par. The intention of the law clearly was to take care of fractions, so that the Government, if it could get a bid of a hundred and a half, would not have to go back and sell at par. By no line of reasoning could it be said, however, or could the impression be obtained that Congress intended that a Government bond could be sold for 80 or 90 percent of par solely for the purpose of attaching lower coupon rates.

I know that the present Secretary of the Treasury, when he was before our committee, said it would be better to ap-

proach this problem affirmatively and repeal the ceiling. It would be fairer from the tax standpoint to all investors in American Government bonds. The Secretary recognized what it would do to the prestige of our Government in international financial circles if we started a program of selling bonds below par.

Therefore, I will withdraw the amendment today out of my respect for our chairman, who I know has been as strongly in favor of making this correction as the Senator from Illinois and I. I shall withdraw the amendment at this time, but I will reoffer it at the first convenient opportunity, and with the chairman's support I am sure we can put it through. I withdraw the amendment at this time.

The amendment will be resubmitted to the committee, so that the official views of the Secretary of the Treasury may be obtained, although unofficially he has already endorsed the amendment. I am confident he will do so again. I hope that at that time Congress will recognize its responsibility as grown men and repeal the ceiling realizing that the Government when it enters the money market to borrow money must pay interest the same as any other corporation. It is important that we recognize the wisdom of selling long-term bonds instead of putting all our debt in short-term issues. Certainly no man can reasonably insist on paying 5 percent on a 5-year Government bond and then insist that not more than 4¼ percent can be paid on a 30-year bond. If we repeal this ceiling we will save the American taxpayers millions. By this action we can reduce the interest charges on the national debt.

Mr. GOLDWATER. Mr. President, I do not intend to detain the Senate for any great length of time. I merely wish to express my feelings about this entire subject. If a vote were taken on this question I would vote no, as I have voted in each instance since requests for an increase have come to the Senate.

One of the first speeches I made on the floor of the Senate, back in 1954, was against the Republican administration's request for an increase in the debt limit to $181 billion. I said at that time that I thought we had reached the point in our history when we had better start to act with responsibility toward our fiscal affairs, and that I was very hopeful that during its tenure of office the Republican administration could eliminate much of the deficit.

A number of years later, now, we are being asked to increase the debt limit again. My question is: Are we ever going to see the day when we will not be asked in Congress to increase the debt limit? The ultimate result, if we continue, will be national bankruptcy. We are merely postponing the day when that will happen. It is time for both parties to practice fiscal responsibility and not merely talk about it in their platforms, and speak about it before political and commercial gatherings; instead, we should become dedicated to the idea that we should protect the American taxpayers' dollar. It should not be permitted to decrease in value year after year.

There can be only one result of spending money that we do not have. I do not care whether the case involves a private individual, a company, a corporation, or a Government. Sooner or later "the" country, the company, or the individual goes into bankruptcy. The worst contribution that we can make now, in my opinion, in this state of the world, is to contribute to a factor that would decrease the value of the dollar and add to the fires of inflation. One of the two things that will come out of this operation will be another run on the gold markets of the world, to the point that our dollar can be put in jeopardy.

I wish it were possible for all Members of the Senate to study this subject very carefully. I feel certain that if they understood the full implications and the full impact of what we are doing, they would not allow the debt limit to be increased. It is easy to ask "What are we going to do? We are spending more money than we take in." If the figures supplied in the report are correct—and I assume them to be correct—in the coming year we shall have revenues of about $81.4 billion and expenditures of $85.1 billion, or we shall have a deficit which is now estimated at $3.7 billion. In my opinion the deficit will be closer to six and a half billion dollars, not $3.7 billion. We have not taken into consideration the exceedingly high expenditures we have authorized in the Senate and in the House, and the authorizations still to come. We seem to be drunk with the idea that we can spend money we do not have, that we can engage in deficit spending. I suggest to Senators that one of the major reasons we are in economic difficulties today, one of the major reasons why the economy is not growing at the rate at which we think it can grow, can be attributed to the absolutely irresponsible fiscal activities of the Senate and the House of Representatives.

I know there are advisers of the administration who see no danger in deficit spending. Not many months ago, at Harvard University, on the platform with me was the eminent economist from that school, Dr. Seymour Harris. Dr. Harris took exception to my criticism of deficit spending. In rebuttal, he said we should not worry about a $5 billion deficit; that, in essence, we could have a $10 billion deficit. I said to him, rather facetiously, "If it can be $10 billion, let us make it $150 billion. Then we will have a real national ball going broke."

I know that Dr. Harris and other advisers to the President believe that deficit spending will aid in putting people back to work.

History is very revealing in this respect. I shall not regale the Senate with detailed figures, but I call attention to the fact that in 1931, when the country had a deficit of $500 million, the percentage of unemployment was 15.9. That was during the depression. The Government was then spending money which it did not have. During a part of the period between 1933 and 1939, we spent approximately 52 percent of our budgets on so-called props or crutches for the economy. We were trying to induce some life into the economy. We failed. Frankly, it required World War II to pull the Nation out of the depression of 1932–37. By the end of the 1930's, the United States was the only Nation which had not come out of the worldwide depression. We were still in the depression, principally because of the fiscal policies which we were following. There are those who suggest that the same pattern be used in the 1960's.

Through the spending of money which we did not have, upon the argument that it would put people back to work, let us see what happened. As the deficit went up, unemployment went up. In 1932, the deficit was $2.7 billion, and 24.9 percent of the people were out of work.

Skipping to 1936, when the deficit was $4.4 billion, the rate of unemployment was 16.9 percent.

As the deficit decreased, employment increased. There was, naturally, a lag of probably 6 months to a year. But the figures show very clearly that as we spent more money that we did not have, or as we engaged more loosely in deficit spending, unemployment stood at a high figure.

The same thing is taking place today. As the deficit mounts, unemployment remains high. What is needed to be done in this field is to attempt to reduce deficit spending and certainly to attack the total debt, to the end that the dollar can become more valuable and there can be more dollars to invest in the creation of new jobs.

One further point has been discussed in the Senate tonight. We hear much talk about interest rates and about the effect low interest rates have on employment. The argument, again carried by those disciples of Keynes, is that if interest rates are low, there will be less unemployment. This proposition is not borne out, as we study it.

For example, in 1929, when the commercial paper rate was 5.85 percent, unemployment was 3.2 percent. Then came the depression. Moving up to 1931, we find that the commercial paper rate had dropped to 2.64 percent and that almost 16 percent of the working force was unemployed.

When we reached 1935, the commercial paper rate was .75 percent and 20.1 percent of the working force was unemployed.

In 1940, when the commercial paper rate was less—.56 percent—14.6 percent of the working force was unemployed.

The plain truth is that as business increases and the demand for money increases, the price of money, like the price of any other commodity, increases. When we have good times and good economic periods, the cost of money is higher. When we enter a depression, money becomes easy—in surplus, so to speak. The lending institutions have more of it than the public or the business fraternity wants. Then the cost of money decreases, just as the cost of automobiles and the cost of clothing decreases.

The factors of supply and demand have a distinct relation to the money market. The money market is no different from any other market. When money is in great demand, it becomes expensive, just as automobiles, tires, or anything else, become expensive. As money becomes more and more available, it means that people do not want so much of it, so the price of money drops.

In my business days, I always contended that a businessman was not concerned with what he paid as interest, even if he had to pay as high as 12 percent, or on some days 20 percent. What he paid depended upon his judgment. He must have felt he could make a profit on the money he was buying; otherwise he would not be paying the price for it. Likewise, when he felt he could not make a profit on it, if enough business people got the same feeling, the price of commercial paper and the price of any paper, be it in the form of bonds or any other form, declined.

We cannot help the unemployed by spending money we do not have. We cannot help the unemployed by keeping the interest rates low, no matter whether it be done by Government fiat or by the Attorney General's operations.

We shall continue to see economic unrest in this country. The economic system of the country today is not operating the way it should, or could be operating. We shall continue to see this situation exist, and the problem of unemployment will continue to mount if Congress does not face up to its responsibility to maintain the soundness of the dollar.

I have spoken at this length because I wished to make it abundantly clear why I shall vote "nay" on the bill, I believe that if the decision were left to the vote of the American people, there would be a resounding vote of "No" clear across the country. I think it is time for the American people to take a look at us in this body and at those in the other House who are irresponsible with their money. I think the point has been reached in our history where we can no longer be lenient with respect to money we do not have.

If we continue in this way, we shall be faced with economic bankruptcy just as certainly as we are meeting tonight. We are no different from any other people in the history of the world. Others have encountered the same problem and have never recovered from it.

If a yea-and-nay vote were to be taken on the bill this evening, I would certainly, as I have done in the past, cast my resounding "nay" against it.

Mr. MORSE. Mr. President, there is probably more misunderstanding loose in this country about the financial condition of Uncle Sam than about any other subject. Many other Members of Congress have undoubtedly received large quantities of mail similar to what I have received, correspondence deploring the size of the national debt, deploring spending in general, and deploring further debt incurment even more.

This campaign has been so sustained and has so ignored the many other aspects of the national financial condition that it has become almost impossible to get through to the American people the plain fact that Uncle Sam is really in pretty good financial shape.

The usual outcry raised against Federal expenditures follows the argument that no individual or corporation could sustain a debt of $286 billion, and therefore the U.S. Government cannot sustain it, either. What this argument ignores is the rest of the financial picture which any individual or corporation considers when deciding how much debt it can carry.

First of all, in considering how much debt it can safely incur, any individual or corporation looks at its assets. We almost never do that with the Federal Government. But the House Government Operations Committee does. I wish every American would take a look at the committee print of the House Government Operations Committee entitled: "Federal Real and Personal Property—Civilian and Military—of the U.S. Government Covering Its Properties Located in the United States, in the Territories, and Overseas." The latest edition of this report is June 30, 1960.

In its conclusion, the House committee states:

> This Federal property inventory records Federal real and personal assets located throughout the world as being $276 billion, as of June 30, 1960.

In its breakdown of these assets, the committee points out that the personal property assets of the U.S. Government include $5,381 million in investments; $5,064 million in accounts and notes receivable; over $7 billion worth of commodities for sale; and over $22 billion in loans receivable. Of its real property, the Federal Government has assets of nearly $37 billion in the Department of Defense, nearly $16 billion in other Federal departments, and over $15 billion in public-domain acreage.

This total, as of June 30, 1960, was $275,962 million. For June 30, 1959, the amount was $264,564 million. For June 30, 1958, it was $262,056 million.

So when we talk about a debt of $286 billion, we must keep in mind our assets of $276 billion. Most Americans would say that Uncle Sam is broke; that he owns nothing and owes $286 billion. The fact is that our financial assets are fairly close to our national debt.

The second major consideration of any individual or corporation in determining the debt it can carry is its earning capacity. A manageable debt depends in large part on the ability to pay behind it.

In the case of the Federal Government, the American people had a gross national product of $503 billion in 1960.

That means that the Federal debt last year was about 57 percent of the gross national product. In 1956, our debt of $273 billion was 65 percent of our gross national product. In 1951, when our debt was just about $260 billion, it was 79 percent of the gross national product; and in 1946, when the debt was also about $260 billion, it was 123 percent of our gross national product.

So if we want to talk about how much debt we can bear in terms of our national wealth, we could have twice as much debt as we now have, and still be no worse off than we were in 1946.

I am not advocating such a policy, let me make clear; but I think these relationships must be kept in mind when we talk about spending and the burden of the debt.

The fact is that the burden of the debt is considerably less each year; it is now only half as heavy as it was at the close of World War II.

NEW DEBT CONCEPT NEEDED

The really sad fact is that we still lump every Federal expenditure in the budget and in the national debt as a total loss. Yet the report on the real and personal property of the United States makes clear that a great deal of the $286 billion debt we are talking about is not really debt at all. Much of it is an asset; and it is inexcusable that the American people are constantly being duped with the notion that they owe a total of $286 billion, and that every item in our national budget is a loss.

When the Government Operations Committee puts together its report, it includes as assets $22 billion in loans payable; $5,381 million more in investments; and over $5 billion in accounts and notes receivable.

So when we talk about a net national debt, the figure is about $241 billion, not $286 billion.

These were the figures used in the other body Monday by the Honorable WRIGHT PATMAN, of Texas, when he talked about the net debt. As the Congressman from Texas said, the net debt is only 47.9 percent of our national product. Fifteen years ago, the net debt was 109 percent of the gross national product.

I may say that in light of the platform adopted by the Democratic Party nearly a year ago, which included a capital budget, but which, I am sad to say, apparently most Democrats who hold office in the Congress have forgotten, if they ever knew it; and in light of the campaign promises by the Democratic candidate in support of a capital budget; and in light of the emphasis he put, last fall, upon the failure of the previous administration to face up to the domestic investment needs of the American Nation, I am very much disappointed that this administration, too, has failed to face up to the problem.

A capital budget would clarify for the American people just what is really involved in the national debt, and in the annual budget of the Federal Government.

It would distinguish between operating expenses, which are nonproductive and unrepayable, and the capital investments, which are wealth-producing, and many of which are reimbursable.

Of course, I have been singing this song here on the floor of the Senate since 1947; and probably the only progress since then has been the inclusion of the theme of my theme song—its basic principle—in the platform of my party.

But the song that any more debt will break the United States and that we cannot afford to invest in the future of America has been sung a great deal longer and much, much louder.

It is time for some commonsense to be brought to bear on the fiscal condition of the United States.

Mr. President, I shall vote in favor of the proposal now before the Senate—but not because I wish to see my country increase its debt. I happen to believe that if we had brought about some savings in connection with the foreign-aid bill—about which I shall speak a little later tonight—we would not have to be raising the debt ceiling now. But I also recognize that that is not going to be done in the foreseeable future.

But, Mr. President, we Democrats ought to start keeping faith with our Democratic platform; we ought to proceed with the passage of a capital-budget bill. I have introduced such a capital-budget bill for years in the Senate. I first offered it in 1947. In 1949, it was recommended by the Hoover Commission, a bipartisan study group which included many distinguished businessmen and industrialists. Corporations use a capital budget; so do many of our cities and States.

If we would adopt a Federal capital budget in legislative form, rather than just adopt in a political platform and then proceed to forget all about it, we would make some progress in returning our country to a sane fiscal policy.

Not only do I believe that one of the results of a capital budget would be to show the American people what their fiscal situation really is, but I also believe that putting into operation a capital budget would, in and of itself, lead to many economies in the administration of our Government. A capital budget which would show the differences between the investments of the American people, and unrepayable administrative costs. It would be very productive in persuading the politicians to bring about some of the economics which some of us think can very well be brought about, and thus avoid increasing the country's national debt.

I hope that before this session of the Congress ends, the leaders of my party in the White House and in the Senate and in the House of Representatives will recognize that they have no answer to the arguments advanced by those leading industrialists and businessmen when they made their plea for a capital budget.

So long as the White House and the leaders of my party in the Congress cannot rebut the arguments of these proponents of a capital budget—for whom I am very happy to be one of the spokesmen in the Congress of the United States—our party should get busy and should pass a capital-budget bill.

If we did that, we would not again find ourselves—as we do here, tonight—dealing with the problem of raising the debt ceiling. But until we do adopt a capital budget, it seems to me we have no alternative but to adopt the proposal, now before us, to increase the ceiling on the national debt; and I shall vote for that measure.

Mr. GOLDWATER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I am happy to yield.

Mr. GOLDWATER. I commend the Senator from Oregon for pointing out the deficiencies of our present budget system. I am not sufficiently acquainted with the details of the Senator's proposal to be able to know whether I would support it, but I certainly think it is time to change the way we handle the budgetary affairs of our Government.

The Senator from Oregon uses what I consider the fallacious argument wrapped around the gross national product. The gross national product, to my way of thinking, is not an accurate barometer or an accurate indicator, because one item can be registered in it as many as five or six times.

We can say, for example, that the gross national product has increased some 18 times since 1937 or 1938. If we put it on a real dollar basis, it has increased only about four times, and the argument made by the proponents of relating it to the debt does not hold water, because the Senator attempted first to argue that a business would approach its borrowing efforts on the basis of the worth of its assets. I think, by his reasoning, a prudent business would not borrow $293 billion on $273 billion worth of assets.

When the Senator jumps into the gross national product, he is getting into something that has not relationship to assets or no relationship to the national debt. In fact, many items in the national debt appear in the gross national product. The debt affects the gross national product faster than any other factor.

Mr. MORSE. I am glad to have the observations of the Senator from Arizona. I much prefer to base my judgment and proposals upon the advice, writings, and recommendations of the distinguished economists and businessmen of the country who have so ably advised the country, the Hoover Commission, than to rely upon the political judgment of the Senator from Arizona, because I recognize him not as an economist, but as a very able and astute political leader.

I do not think the argument he has just made should be given very much weight, because we cannot judge our wealth or income unless we take a look at the gross national product. Out of the gross national product comes a determination of what the income of the country is going to be. We must ascertain what it is we are producing, because it is out of what we are producing that we get our wealth, on the basis of which we are going to be able to finance debt or not finance it.

I respectfully say these economists are quite right when they say we ought to take a look at what our gross national product is in order to determine what the real income of the country is, once we take care of all the expenses and costs of producing the gross national product.

Regardless of how the gross national product is computed, its relationship to the debt is what counts, and I merely point out that our debt is a declining percentage, not an increasing percentage, of our gross national product.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GOLDWATER. The gross national product is not an indicator of what the income of the country is going to be. It is merely a compilation of all the figures of business, its production, its sales, its purchases. The sale of a house has a possibility of being reported four or five times in the total gross national product figures. I know of no economist who is working in business who puts great faith in the figures for gross national product. Faith is based upon the total available money for spending, which is the net income of the people.

The Senator from Oregon says I am using an argument which will not change his mind. I was not ignorant enough to think I could change the Senator's mind. I knew people were going to read the colloquy, and I merely wanted to try to set the RECORD straight as the argument related to gross national product, because this is one of the points of contention between economists who advise deficit spending and those who do not advise deficit spending. It was one of the bases of the Keynes theory, which has had a chance to be disproved only since 1954 or 1955, when we got out of a war economy.

The Senator is perfectly correct if he wants to use the gross national product as a basis for his economic reasoning. I assure him he will find no practicing businessman who will refer to it. In fact, people whom I consider to be sound economists will have nothing to do with it.

Mr. MORSE. The Senator does himself a great injustice when he says he has no hope of changing the mind of the Senator from Oregon. I frequently change my mind. I change it whenever I find the Senator from Arizona is right. As the Senator knows, on the committee on which we have the pleasure of serving together, very frequently I find myself coming to agreement with him.

On this issue, I think the Senator from Arizona is dead wrong. He will not change my mind on this issue with any argument he has made yet.

I would much rather live in an America in which the gross national product is very large than live in an America in which the gross national product is very small, because we must take judicial notice of the fact that when we are living in an America with a large national gross product, we are also living in an America in which the net value of the country is much greater. That is all I seek to point out in that part of the analysis of the argument.

Mr. GOLDWATER. If the Senator's contention is correct, there should be no limit to what we can boost the gross national debt to, by inflation or any other means. What we have not talked about is, What is the per capita portion of the total national debt? It has continued to rise. It is an important factor to keep in mind. I think today we owe more per capita than the rest of the world owes per capita on its national debt.

Mr. MORSE. It is perfectly obvious that I am talking about the gross na-

tional debt on the basis of retaining money controls. I am not talking about gross national debt on the basis of what may happen sometime in the future, if we should let inflation run away with us. But the question of imposing inflationary controls has nothing to do with the present issue before the Senate, as to whether we are as poor as those who deplore spending for the general welfare of our people would frighten the American people into believing.

All I am saying tonight is, take a look at the productive wealth of this country, and it will be found we are not ready for the poorhouse. Whether we approach the question from the standpoint of the gross national product or from the standpoint of the net value of the property of the United States, it will be found we are not broke, and in terms of our productive capacity, we are in a much better position today than we were in 1946.

Mr. President, I wish to read to the Senate a paragraph or two taken from the June 26, 1961, CONGRESSIONAL RECORD, from a speech by Mr. PATMAN in the House of Representatives, in which he said:

> Now let us keep the Federal debt in proper prospective. True, this debt is vast, creates a tremendous burden to the American people and should be reduced. But, at the same time, we should not allow ourselves to imagine that the debt has been increasing relative to our ability to pay, or that it is leading to insolvency.
>
> In the first place, we might note that while the capital debt is high, it is not nearly as high today as at the end of World War II. At the end of 1946, the Federal debt was equal to $1,911 for each American. At the end of 1960, it had been reduced, relatively speaking, to $1,592 for each American.
>
> In the same years, furthermore, the average wealth has increased enormously and so, too, has our average income.

What we ought to do is tell the American people the facts about the national debt and the facts about their national wealth. When we do that we shall have an answer to a good many of the "fear" arguments being made by those who are trying to frighten the American people into believing that we should not pass legislation necessary to promote the general welfare of the people of this country.

That is an old, reactionary, conservative technique, Mr. President. It is unsound economically. It is unsound from the standpoint of social welfare of our country. It is unsound from the standpoint of preserving the strength of this Republic.

What we ought to be talking about in the Senate these days is the need for spending more to promote the general welfare of the people of this country, because by so doing we shall be able to produce greater wealth in the country, from which a greater supply of tax dollars will come.

Mr. President, that is true whether one is dealing in the field of public works, in the field of education, in the field of health protection for the elderly, or with respect to any one of the very sound planks in the program of the President of the United States. The President pledged, and he recognizes, that, after all, we have an obligation to pass those legislative reforms necessary to protect the general welfare of the people of this country.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. GOLDWATER. I wonder if the Senator would care to make his argument to the American wage earner, who now has to earn twice as much as he did in 1945 or 1946 in order to be as well off as he was in 1945 or 1946. These are matters we overlook. The Senator says we are not talking about inflationary waste tonight. We certainly are. Deficit spending has been a way of inflationary waste in this country. The national debt increase is certainly not conducive to a sound dollar. That is inflationary.

Mr. MORSE. My reply is that the per capita debt in the United States tonight is less than it was in 1946, which, in my judgment, is a complete rebuttal to the thesis the Senator is defending.

Mr. GOLDWATER. I do not have the figures available now. I do not doubt the Senator's word, but it is my recollection that the debt is running $1,800 per person, which is higher than it has ever been. If I am wrong, I will certainly admit it.

Mr. MORSE. I shall be glad to debate the subject further, as we undoubtedly shall, from time to time, as the Senator from Oregon presses for a capital budget, which I think is a basic necessity.

Mr. GOLDWATER. I may find myself joining the Senator from Oregon, because I think the budgetary practices of this Government are bad and should be changed.

Mr. CURTIS. Mr. President, I shall be very brief. I share the regret and sorrow of the distinguished chairman of the committee, the Senator from Virginia, in the necessity of bringing this measure to the floor of the Senate.

It is not a spending bill. It does not create debts. Debts are created when the Congress appropriates money and the executive spends money in excess of our revenue receipts.

The bill before us is a measure to deal with debts already created and to deal with spending already voted.

I wish to pay tribute to the distinguished Senator from Virginia, my chairman, and to the distinguished Senator from Delaware [Mr. WILLIAMS], the ranking minority member of the committee, for the example they have set on this floor not today alone but also throughout the months before, in opposition to spending.

It is spending which creates debt. We could fill the RECORD with ample arguments and definitions, but the fact remains that when we add to the national debt we are refusing to pay the current costs of Government and are charging them to our children and our grandchildren.

We live in a time when the trend of Government is totalitarian. It is advocated by those high in the administration that deficits are good. Government ownership is advocated. A larger centralized Government with less responsibility on the part of the States is an official policy of this Government. It is totalitarian. It can lead only to destruction and to more debt.

The Secretary of the Treasury appeared before our committee. One of the interesting things he pointed out was that in the Republic of West Germany there was a balanced budget and the value of the mark was maintained, and there is no unemployment. In fact, workers are in demand in West Germany.

The totalitarian philosophy of big government, that by deficit financing and spending we can create prosperity and can create jobs, is wrong. There were more unemployed people when World War II started, after such a program had been followed since 1933, than there were in 1933.

We are following a policy which is decidedly not liberal.

It is totalitarian, and it has failed. The idea that Government spending can create genuine prosperity cannot be supported by any example in history.

Reference has been made to an opinion of the Attorney General to the effect that bonds may be sold at a discount, thereby circumventing the statutory ceiling of 4¼ percent interest on long-term coupon bonds.

I commend the Attorney General, Hon. Robert Kennedy, for his candor in what he said about the distinguished former Secretary of the Treasury, Robert Anderson. The opinion is dated April 25, 1961. Attorney General Robert Kennedy replied to the present Secretary, stating that he has authority to sell bonds at a discount and thus have them yield a higher rate of interest than the limit set in section 1 of the Liberty Bond Act. He cites as one of his reasons for contending that such is the law that former Secretary of the Treasury Anderson so contended in his testimony before the Ways and Means Committee.

I commend the Attorney General for his comment concerning former Secretary Anderson:

> Secretary Anderson, however, did not wish to exercise that authority without specific congressional leave because he did not consider it appropriate to circumvent the 4¼ percent ceiling in this way.

I sincerely hope that the present Secretary of the Treasury will follow the example of former Secretary Anderson, and that this issue can be determined by the Congress.

I yield the floor.

Mr. DWORSHAK. Mr. President, I was shocked when I learned that there would be no yea and nay vote on this proposal.

In this tragic hour of the history of our Republic, a half dozen Senators are present debating with sophistries and alibis as to why we should spend more money and bankrupt the Government of the United States. I do not share the sentiment of my colleagues who claim that the New Frontier, with its expanded Federal spending and its deficit of $3½ billion this year and $5 billion or $6 billion next year, in any way reflects fiscal irresponsibility. No, Mr. President; it far transcends irresponsibility. The action, in fact, is fiscal insanity.

We talk about converting the American people to support some of the proposed programs on the fallacious basis that the more we spend, the more prosperous we become, and the more influential we become as a leader of the free nations of the world. Why do we insult the intelligence of the American people today by asserting such a position?

If the executive department of the present administration lacks the courage and forthright determination to deal candidly and fairly with the taxpayers of this country, and if the legislative branch lacks the intestinal fortitude to stand up and reduce Federal spending, then, of course, there is only one alternative and that is for the American people themselves to rise up in justifiable fear, resentment, and contempt at the failure of the Government, in its two branches, the executive and legislative, to meet the problems of this crucial era.

I have a high regard for our fine Committee on Finance, with the Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. KERR], and other Senators from the Democratic membership and Republican Senators such as the Senator from Delaware [Mr. WILLIAMS], and the Senator from Kansas [Mr. CARLSON]. Perhaps we are facing the inevitability of providing funds after we have very blindly gone along and approved more spending and bigger deficits.

I believe the American people are far ahead of the Congress of the United States and the administration today, because the American people must furnish the dollars and the sons to fight in every section of the globe, if we become embroiled in a hot world war. I wish the RECORD to show that I am not going along blindly in approving a resolution to raise the debt ceiling because we have no other course to pursue. I contend that we have. I do not propose to violate the oath of office which I took when I became a Senator. I am almost ashamed to admit that I am a Member of a body which refuses to stand up and face the challenges of this crucial era when the survival of our Nation is in the balance.

Mr. THURMOND. Mr. President, I am opposed to increasing the national debt limitation even though it is a temporary increases, and desire that the RECORD indicate my opposition.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 7677) was ordered to a third reading, was read the third time, and passed.

Mr. KERR. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MORSE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION OF APPROPRIATIONS TO THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 445, H.R. 6874.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 6874) to authorize appropriations to the National Aeronautics and Space Administration for salaries and expenses, research and development, construction of facilities, and for other purposes.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana.

The motion was agreed to, and the Senate proceeded to consider the bill (H.R. 6874) which had been reported from the Committee on Aeronautical and Space Administration, with an amendment, to strike out all after the enacting clause and insert:

That there is hereby authorized to be appropriated to the National Aeronautics and Space Administration for the fiscal year 1962 the sum of $1,784,300,000, as follows:

(a) For "Salaries and expenses", $226,686,000.

(b) For "Research and development", $1,295,539,000.

(c) For "Construction of facilities", $262,075,000, as follows:

(1) Langley Research Center, Hampton, Virginia, $3,980,000.

(2) Ames Research Center, Moffett Field, California, $5,680,000.

(3) Lewis Research Center, Cleveland, Ohio, $3,590,000.

(4) Goddard Space Flight Center, Greenbelt, Maryland, $9,212,000.

(5) Wallops Station, Wallops Island, Virginia, $6,313,000.

(6) Jet Propulsion Laboratory, Pasadena, California, $3,642,000.

(7) Marshall Space Flight Center, Huntsville, Alabama, $12,891,000.

(8) Atlantic Missile Range, Cape Canaveral, Florida, $49,583,000.

(9) Pacific Missile Range, Point Arguello, California, $998,000.

(10) At various locations, including those specified in subsection 1(c)(1)–1(c)(9), and including land acquisitions therefor, $156,186,000.

(11) Facility planning and design not otherwise provided for, $10,000,000.

(d) Appropriations for "Research and development" may be used (i) for any items of a capital nature (other than acquisition of land) which may be required for the performance of research and development contracts, and (ii) for grants to nonprofit institutions of higher education, or to nonprofit organizations whose primary purpose is the conduct of scientific research, for purchase or construction of additional research facilities, and title to such facilities may be vested in any such grantee institution or organization. Each such grant shall be made under such conditions as the Administrator shall determine to be required to insure that the United States will receive therefrom benefit adequate to justify the making of that grant. None of the funds appropriated for "Research and development" pursuant to this Act may be used for construction of any major facility, the estimated cost of which, including collateral equipment, exceeds $250,000, unless the Administrator or his designee notifies the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate of the nature, location, and estimated cost of such facility.

(e) When so specified in an appropriation Act any amount appropriated for "Research and development" and for "Construction of facilities" may remain available without fiscal year limitation.

(f) Appropriations other than "Construction of facilities" may be used, but not to exceed $20,000, for scientific consultations or extraordinary expenses upon the approval or authority of the Administrator and his determination shall be final and conclusive upon the accounting officers of the Government.

SEC. 2. Authorization is hereby granted whereby any of the amounts prescribed in subparagraphs (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), or (11) of subsection 1(c) may, in the discretion of the Administrator of the National Aeronautics and Space Administration, be varied upward 5 per centum to meet unusual cost variations, but the total cost of all work authorized under such subparagraphs shall not exceed a total of $262,075,000.

SEC. 3. Not to exceed 5 per centum of the funds appropriated pursuant to subsections 1(a) and 1(b) hereof may be transferred to the "Construction of facilities" appropriation and, when so transferred, together with $50,000,000 of the funds appropriated pursuant to subsection 1(c) hereof, shall be available for expenditure to construct, expand, or modify laboratories and other installations at any location (including locations specified in subsection 1(c)), if (1) the Administrator determines such action to be necessary because of changes in the national program of aeronautical and space activities or new scientific or engineering developments, and (2) he determines that deferral of such action until the enactment of the next authorization Act would be inconsistent with the interest of the Nation in aeronautical and space activities. The funds so made available may be expended to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment. No portion of such sums may be obligated for expenditure or expended to construct, expand, or modify laboratories and other installations until the Administrator or his designee has transmitted to the Committee on Science and Astronautics of the House of Representatives and to the Committee on Aeronautical and Space Sciences of the Senate a written report containing a full and complete statement concerning (1) the nature of such construction, expansion, or modification, (2) the cost thereof, including the cost of any real estate action pertaining thereto, and (3) the reason why such construction, expansion, or modification is necessary in the national interest. No such funds may be used for any construction, expansion, or modification if authorization for such construction, expansion, or modification previously has been denied by the Congress.

SEC. 4. The Administrator is hereby authorized to transfer, with the approval of the Bureau of the Budget, funds appropriated pursuant to this Act, to any other agency of the Government whenever the Administrator determines such transfer necessary for the efficient accomplishment of the objectives for which the funds have been appropriated. Not more than $20,000,000 may be transferred by the Administrator under this section to any other agency of the Government unless the Administrator has transmitted to the Committee on Aeronautical and Space Sciences of the Senate and to the Committee on Science and Astronautics of the House of Representatives a written statement concerning the amount and purpose of, and the reason for, such transfer or transfers, and (1) each such committee has transmitted to the Administrator written notice to the effect that such committee has no objection to that transfer or transfers, or (2) thirty days have passed after the trans-

mittal by the Administrator of such statement to those committees.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. KERR. Mr. President, I rise to support an excellent bill now before the Senate for consideration. I ask unanimous consent to allow Mr. Ralph Ulmer, Assistant Director of the facilities in the Office of Programs of NASA, to be present on the floor of the Senate to assist during the floor debate on H.R. 6874, the bill to authorize appropriations to the National Aeronautics and Space Administration for the fiscal year 1962.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERR. Mr. President, before proceeding to explain the bill, I wish to pay tribute to the members of the committee who, through long hours, days, weeks, and months have attended the sessions of the committee, studying the operations of the National Aeronautics and Space Administration, and participated in the deliberations out of which has come the bill. Members on both sides of the aisle, headed on the Democratic side by the Senator from Georgia [Mr. RUSSELL], next to the chairman, and on the Republican side, the distinguished Senator from New Hampshire [Mr. BRIDGES], the Senator from Wisconsin [Mr. WILEY], and others, worked together in the formulation of the bill, bringing it to the Senate by their unanimous action.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. SYMINGTON. I shall necessarily have to leave the floor. The hour is late. But before leaving, I present to Senators the fact that the chairman of the Aeronautical and Space Committee, the distinguished senior Senator from Oklahoma [Mr. KERR], has been as thorough in his effort to explore this new field as any chairman of any committee with which I have had the honor to serve in the Senate. I congratulate him on the work that he himself and the staff of the committee have accomplished, and I say for the possible benefit of the Senate that in my opinion the results are proved by the report which the committee has made. I have read the report, and I am confident that any member of the Senate who will examine the tremendous detail through which the chairman of the committee steered the bill before the bill was reported to the Senate will agree with my statement. I thank the Senator.

Mr. KERR. Mr. President, I thank the Senator from Missouri. He was one of the members of the committee who spent the greatest number of hours in the endeavors on this bill and he came forward in our deliberations with some of the most intelligent and informative suggestions. I, as chairman, am indeed indebted to him for the great contribution that he has made to the bill.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. BRIDGES. I wish to join with the distinguished Senator from Missouri [Mr. SYMINGTON], in the statement which he has made about the progress of the committee and the outstanding and faithful work of its chairman. I want to say, in addition, that no chairman of a committee could have proceeded more diligently, worked harder, or presided in a more nonpartisan manner. There were absolutely no politics involved in the consideration of this bill. The only desire of the chairman was for the good of this country.

I realize, as I know the chairman realizes, that we are pioneering in a new field, that we are only at the threshold of the space age. What lies beyond this threshold is speculative. What we do know is that interwoven in this new dimension of space is the security and destiny of our country and perhaps all mankind.

The Senator from New Hampshire, as the Senate knows and as the distinguished chairman knows, is in favor of economy. He has cast very few votes in the Senate that were not on the side of economy. He believes sincerely that overspending and the weakening of the dollar is one of the great threats to our country.

This bill authorizes a huge amount of money, but I do not believe we can afford to gamble. I have come to the conclusion that this is the only thing we can do. We cannot with safety chart any other course. I realize that the day may come when we may be praised for our action, or that we may be criticized bitterly. In these unusual times, however, someone must take a stand, someone must make recommendations, someone must act. Therefore I join with the distinguished chairman whom I have worked with very closely and hold in high esteem, and the members of the committee, who were faithful in their attendance in supporting this legislation.

Mr. KERR. Mr. President, I am very grateful to the distinguished Senator from New Hampshire for what he has said. I advised members of the committee when we started our hearings many weeks ago, preparatory to the specific hearings on the pending bill, and again when the bill was before us for our consideration, that I felt this is a program that ought to be considered as a bipartisan effort, and therefore considered with a bipartisan approach. I told my good friend, the Senator from New Hampshire [Mr. BRIDGES], the ranking Republican member of the committee, that I would not bring or participate in bringing to the floor of the Senate an authorization bill, unless it had his wholehearted support and unless he and I, working together with members on both sides of the table, could reach a decision with which the committee could unanimously agree.

It is a bold and challenging program. It is one that leads into a future whose dimensions and specifications we cannot foresee or foretell.

I, for one, have great confidence in that future. Certainly we cannot today describe what is ahead in the development of our efforts in the exploration of space, with its multitudinous facets and manifestations, any more than Christopher Columbus could have told in 1492 upon his return from the New World what Western civilization would be in the closing half of the 20th century. Had he been asked to portray and forecast what was ahead, certainly he could not have described with any degree of understanding and knowledge what has grown and developed.

Today, as man stands on the threshold of the era of space, no man can tell what a few centuries may bring forth or even what a single decade, or a few decades, will bring forth. But the American people, above all others on this earth, march into the future with confidence and with faith; and it is with that understanding, and inspired by that knowledge, that the members of the committee have worked on the development of the bill and brought it to the Senate for its consideration.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. MORSE. I wish to say to the Senator from Oklahoma that it is easy to understand how the members of the committee, spending the weeks that they have spent in taking the testimony and studying the data there were presented to the committee, could reach the unanimous opinion which they reached. The chairman should also know that there are many of us—and so far as I know there are no exceptions among my colleagues in the Senate with whom I have talked—who are not members of the committee and who do not have the detailed information and the enlightened understanding of all the complexities of the space program that the members of the committee have, but who nevertheless feel that they owe the chairman and his committee a very sincere debt of thanks and gratitude for the leadership that is portrayed by the report of the committee.

We know something about the problem, although we are not members of the committee, because some of us have gleaned it from other sources. Those of us on the Foreign Relations Committee have at least a smattering of knowledge of some of the problems that have been considered by the committee. I am sure the chairman will be pleased to know—and I am sure I speak the point of view of most, if not all, the Members of the Senate—that there is general recognition in this body that we must raise our sights, that there are new horizons, that there are frontiers the likes of which the imagination of man has yet fully to contemplate and comprehend.

Yet we know that the new frontiers will have to be traversed by our descendants. We know that we have an obligation in our time to make, as the President has so eloquently said numerous times now, to make whatever sacrifices are necessary in order to prepare the way for the new era to which the Senator from Oklahoma has referred and in which our descendants will have to live

Public Law 87-69
87th Congress, H. R. 7677
June 30, 1961

An Act

75 STAT. 148.

To increase for a one-year period the public debt limit set forth in section 21 of the Second Liberty Bond Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, during the period beginning on July 1, 1961, and ending on June 30, 1962, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C. 757b), shall be temporarily increased by $13,000,000,000.

Public debt, temporary increase.

Approved June 30, 1961.

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